Lancashire
Holdings Limited

2023 *ESG review*

Note regarding page references:
Pages in this 2023 ESG Report have been extracted from the Lancashire 2023 Annual Report and Accounts. References to page numbers direct the reader to the full report which is available on our website.

Delivering for our people

“We believe that giving our people an opportunity to feedback on their experience of working at Lancashire is vital in ensuring we deliver the best possible environment, in which colleagues can thrive and reach their full potential.”

Sarah Rogers
Group Chief Human Resources Officer

94%

of our people say they are proud to work at Lancashire

A respectful, rewarding and thriving work environment

Our people strategy helps us deliver one of our key goals – to make Lancashire an employer of choice.

We are committed to retaining and attracting the best talent across our markets and focus on delivering a respectful, rewarding and thriving work environment across our locations.

At the heart of this are the Lancashire values (see insider cover). These are the bedrock of what we do and how we expect our people to behave whether in the office or outside with clients, brokers and other stakeholders.

Lancashire has continued to grow during 2023, and we have been pleased to welcome a large number of new colleagues to the business who each bring their own expertise and experiences.

We believe this makes Lancashire both a diverse place to work and a true catalyst for collaboration.

Total number of employees

393

(permanent and FTC)

Voluntary annual employee turnover

7.11%

Permanent employees eligible for RSS awards

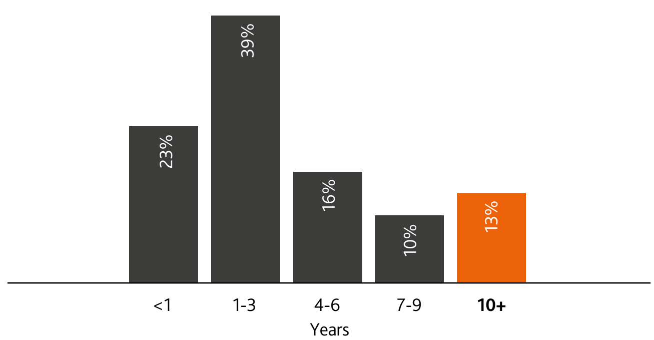
100%

Gender split of employees

61%

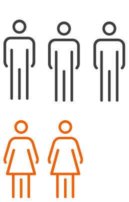
39%

Average tenure of employees



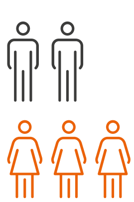
% of women in senior management

45%

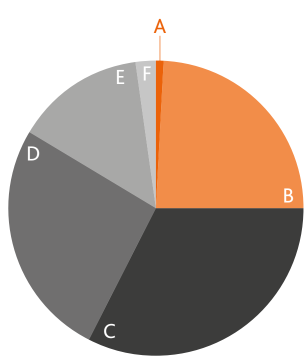


% of women on the Group Executive Committee

56%



Average age of employees



Key

A: <20	1%
B: 20-29	24%
C: 30-39	32%
D: 40-49	26%
E: 50-59	14%
F: 60-69	2%

Listening to our people

We believe that giving our people an opportunity to feedback on their experience of working at Lancashire is vital in ensuring we deliver the best possible environment in which colleagues can thrive and reach their full potential. During 2023, we carried out a full survey which was open to all employees in all locations to complete.

Importantly, the survey was confidential and carried out on our behalf by a third-party. This third-party support also enables us to benchmark our responses to organisations of a similar size.

Based on our results and the response rate, Lancashire was awarded a five-star employer award from the survey company, which is given to top-performing employers based on the surveys it runs for hundreds of clients. Results were collated both for the Group and for individual functions and teams with more than five employees.

We are pleased that the response rate was extremely high at 87%. This was 13 points higher than the last survey in 2021.

Our overall engagement score was 90%, an increase of 2% on the last survey and 14 points higher than the benchmark. The results were presented to the Boards and Group Executive Committee. Team managers were also supplied with local results to allow them to review and discuss these with colleagues.

Our highest scores were for being proud to work at Lancashire, at 94%, while 92% of responders said they are motivated to do their best work and would recommend Lancashire as a great place to work.

We welcome the honest and constructive feedback, and areas that did not score so highly will be reviewed and action plans put in place to address these.

The top ten words used by our employees to describe working at Lancashire are:

Hard-working *Friendly* *Supportive*
Flexible *Focused* *Collaborative*
Ambitious *Respectful* *Positive* *Results-orientated*

Engagement score

90%

Response rate

87%

Proud to work at Lancashire

94%

Recommend Lancashire as a great place to work

92%

Enhancing support for our people

A top ten employer

Lancashire was named a Top Ten employer in Bermuda in the annual awards run by the island newspaper *Royal Gazette*. Lancashire was placed seventh in the top 10 (out of 30+ participating companies). In 2021, we came eighth. Our employees in Bermuda were instrumental in our nomination, showing high levels of engagement.

Delivering leadership

Due to the growth of Lancashire in terms of headcount, management are aware of the importance of communication to create a sense of community and understanding.

We encourage a culture of meritocracy and openness, and senior executives are available to discuss issues with employees on both a formal and ad hoc basis.

Group CEO Alex Maloney communicates regularly with employees on Company issues. Quarterly town hall meetings are held for all colleagues where our progress against our strategic goals is reviewed, and Group-wide corporate activities are highlighted.

A Non-Executive Director attends these events where they are asked to discuss their role, recent Board discussions, and answer questions.

The Lancashire Employee Network

The Lancashire Employee Network (LEN) was launched in 2023 to give colleagues an opportunity to get together to share knowledge and experiences.

The LEN is led and managed by a group of employees from across the business. Its initial focus is on running 'lunch and learn' sessions, hosting internal and external speakers, and offering 'soft skills' training. Events held during the year included a talk by a former SAS member on how experiences from differing environments can be carried across to business operations, a discussion with one of Lancashire's shareholders on their expectations of the business, and internal team events focusing on individual areas of expertise to share knowledge and understanding.

Group CEO Alex Maloney was also interviewed for LEN sessions in London and Bermuda, discussing his career and offering advice to employees on maximising the opportunities available to them.

Delivering a best-in-class working environment

During 2023, our London office was expanded and redesigned to offer our employees a better working environment and our guests an enhanced experience when visiting.

The work included a new visitor lounge and reception area and state-of-the-art meeting rooms. Floor space was also reconfigured to give colleagues more space and further encourage collaboration within and across functions.

A modern organisation

Following the 2021 employee survey, a number of benefits, with a particular focus on 'family-friendly' employment policies, were introduced.

These included enhancements to maternity, paternity and adoption leave, and the addition of a benefit of paid leave for IVF treatment and pregnancy loss.

In line with other organisations, following the period of remote working during the COVID-19 pandemic, Lancashire's UK employees are able to work flexibly. This includes both flexible working hours and working from home for a period each week. These are discussed with managers to ensure business operations continue as normal.

During 2023, we also developed a support framework for employees experiencing the menopause, as part of our commitment to providing a safe and inclusive environment and encouraging colleagues to have open conversations. We recognise that there is no 'one size fits all' approach, but expect people to be supportive of colleagues who may be affected by the menopause. Additionally, some employees may benefit from reasonable adjustments at work to support their symptoms.

Recognising long service

Lancashire has a long history of retaining employees, due to the focus we place on wellbeing, rewarding people appropriately, and developing their skills and talents.

We benefit from the experience and expertise of our people, many of whom have spent large parts of their career with us. To acknowledge this contribution, since 2022, we have offered a sabbatical benefit for those who have served for 10 years or more.

Attracting and growing talent

Delivering a diverse talent pool

Lancashire aims to attract people to the business who share our values and can bring their talents to the benefit of the Group.

We actively recruit new employees at all levels from a range of backgrounds and through a number of channels, whether direct outreach, corporate social media, and through our website.

While it is important to attract experienced employees when appropriate vacancies arise, we also believe that offering less experienced people, who are beginning their careers, or who are making a significant career change, is valuable to the business.

This includes recruiting a number of apprentices, who are offered the opportunity to work with more experienced colleagues and begin to progress in their chosen field.

In addition to attracting new employees, we are also focused on developing our existing colleagues and promoting them to new roles when opportunities arise.

During 2023, 46 colleagues were promoted internally across our underwriting and support functions.

Our induction programme for new employees includes training on diversity matters to support our focus on fairness and inclusion.

Apprentices

During 2023, Lancashire was pleased to welcome a cohort of apprentices to the business.

The group were recruited into a number of functions including HR and IT. The Lancashire apprentice scheme aims to give young people starting their careers an opportunity to learn through on-the-job practical support and guidance while working towards formal qualifications. Group HR Apprentice Sienna Ray applied for the scheme after finding out about it online. She said one of the attractions was the mix of live work and the ability to study.

"It's been really good so far and I am lucky that I can work with people with lots of different skills and experience. It gives you a different perspective."

Sienna will be working towards a Foundation Certificate in People Practice. "There are several qualifications you can work towards, right up to degree level. I am really glad I joined Lancashire as it's a big step forward in my career," she said.

IT Business Support Apprentices Tyreque Muhammad and Jenna Webster also applied for their roles after seeing an online advertisement for the scheme. Jenna had been studying fashion but decided that she wanted to move into IT, while Tyreque had completed a self-taught IT course.

Jenna said: "It's been really interesting coming from a different background and into IT – it was a huge jump. I have learnt a lot already and the team has been really good. The key thing is to remember that there are no stupid questions – just ask and someone will help. I am really proud of myself for joining Lancashire and I wouldn't have learnt as much just doing a course."

Tyreque and Jenna will be working towards a professional qualification as IT Business Support Technicians. Tyreque said:

"There's been a lot to learn, and it is good to be able to mix practical work with course work. I wouldn't have developed as much at this stage without being in a team with experienced people, and actually doing the job."

Training and development

To help employees make the best of their talents and meet their ambitions, Lancashire has a number of training and professional development initiatives.

We see real benefit in increasing people's skills, experience and knowledge – whether at a more junior level or within our manager community.

During 2023, we carried out a pilot Management Development Programme in order to gain feedback on the planned training and ensure that it meets the needs of our team leaders.

The full programme will be rolled out in 2024 for new and existing managers with three or more direct reports.

It is designed to equip managers with tools and techniques to help drive individual and team performance across departments. Key objectives include the role of managers at Lancashire, and what is expected of them; inclusive leadership; how to appropriately manage team members' performance; and adapting to change.

Lancashire's training and professional study programme also offers employees a range of support through our online 'LMS – Insurance Assess' e-learning platform.

This provides compliance, soft skills, management and health and wellbeing training, along with (re)insurance-specific training courses.

In some cases, financial incentives for professional qualifications are available. All employees are encouraged to discuss training requirements with their manager on an on-going basis and through more formal performance review discussions.

Compulsory training

Additionally, we have a clear set of policies and procedures to uphold our high standards of behaviour and to educate our employees on what is expected of them.

Compulsory training is delivered to all new permanent employees, including people working part time, and those on fixed-term contracts. Topics covered include tax/regulatory operating guidelines, disclosure (including the requirements of the Market Abuse Regulation 2016), inspections, financial crime, ERM, cyber security, communications etiquette/equality, diversity and inclusion, GDPR and conduct rules. New employees are expected to complete this training during the first three months of employment.

Further training is offered, depending on individual requirements. The Board receives quarterly updates regarding completion of these sessions.

Diversity, equity and inclusion

Since its inception, Lancashire has had a strong focus on diversity, equity and inclusion (DE&I). We believe that these important themes should reflect not just gender and ethnicity but also ensure that we have a range of talents available to the Group.

Our internal initiatives are led by our DE&I working group, which is formed of employees from across the business. It is important that our activities match the expectations of our people, and the Group is reviewing the outputs from the 2023 employee survey and will set out its agenda for the coming year in early 2024.

For a number of years, Lancashire has actively supported external initiatives which seek to build more diverse, equitable and inclusive businesses. These include the Hampton-Alexander and Davies Reviews on gender diversity; and the FTSE Women Leaders Review, to improve the representation of women on boards and in leadership positions. The Group submits data annually to the Review.

The gender and ethnic diversity of the Board and the senior management group is set out in the tables below. Additionally, the Chair's statement on our Diversity Policy is available on our website.

Our efforts in this area are supported by policies that help ensure people do not face any discrimination as an employee or during our recruitment process.

We operate a zero-tolerance approach to bullying and harassment and all employees are encouraged to speak up about any issues of concern.

Our open corporate culture is a key driver in this and our Dispute Resolution Policy, where issues cannot be initially resolved, can be used by employees, without fear that they will be penalised in any way.

Our Anti-Harassment and Bullying Policy also offers employees a mechanism through which they can raise issues of concern.

The tables below set out data about the sex and ethnicity of the Board and executive management as at 31 December 2023, in the format prescribed by the Listing Rules.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	7	70	3	4	44
Women	3	30	1	5	56
Other categories	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	9	90	4	9	100
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	1	10	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Employee support and industry initiatives

Supporting and rewarding

All permanent employees have an enhanced interest in the performance and success of the Company through our RSS to ultimately become a shareholder in LHL.

For a number of years the Group has provided free lunches on specific days for employees to encourage them to interact in the office during breaks.

Offering advice and information on health, wellbeing and financial matters is also part of being a responsible and understanding employer.

During 2023, we held a number of events including marking World Mental Health Day, highlighting the support available through our Employee Assistance Programme (EAP), promoting the benefits available from our health care provider, including health checks, and financial wellbeing workshops focusing on topics such as cost of living support and pensions.

Expert telephone support is available 24 hours a day through the EAP, along with resources and information to support home life, work life and physical and emotional health, and the opportunity to enrol in self-help programmes.

The Group has volunteer first aid and wellbeing officers available to employees, and Lancashire offers non-judgmental support for those suffering mental health difficulties and ill-health.

Our responsibility as an employer

We comply with all relevant requirements with respect to human rights, rights of freedom of association, collective bargaining, and working time regulations.

We believe every employee, and prospective employee, should be treated with dignity, respect and fairness. As an equal opportunity employer, we do not discriminate, or tolerate discrimination, on grounds of race, age, sex, sexual orientation, marital or civil partnership status, gender reassignment, pregnancy or maternity, disability, religion and/or beliefs.

All employees have a duty to treat colleagues, visitors, clients, customers, suppliers and former staff members with dignity at all times.

Employees who believe they may have been discriminated against are encouraged to raise the matter through our Grievance Procedure.

Abusive or discriminatory behaviour by an employee towards another will be seriously and confidentially investigated and will be dealt with in accordance with the Group's disciplinary procedure.

We are also an Accredited Living Wage Employer, for our business and our supply chain.

Our Global Employee Handbook, distributed to employees on joining and available on our internal intranet, is supported by country-specific supplements where relevant.

Leading market-wide discussion

Lancashire is a partner for the Insider Progress initiative, launched by the *Insurance Insider.* Our support will ensure events are free for participants across the industry from all backgrounds. Insider Progress is designed to promote discussions around building an insurance workplace for the future with a focus on DE&I. Our Group CFO Natalie Kershaw is a member of the Insider Progress advisory board, which sets the agenda for events and highlights topics and areas for discussion.

Lancashire is also a member of the Insurance Breakfast Club and offers selected employees the valuable opportunity to participate in its events. The Insurance Breakfast Club programme involves 10 months of structured development and provides connections for people at a crucial time in their careers. Its overall aim is to assist companies in their development of female talent.

Delivering sustainably

"The depth of experience and insight within our teams is invaluable in ensuring that ESG matters are considered and implemented across the Company's operations."

Jelena Bjelanovic
Chair of the Lancashire ESG Committee

Embedding a sustainable culture for a profitable business

Peter Clarke
Non-Executive Chair

Lancashire's approach to environmental, social and governance matters continues to evolve and support our purpose.

The strong financial results which the Company has delivered in 2023 are a result of our values-driven sustainable business culture. The Board, and Alex and the management team, have a strong focus on the Group's operational effectiveness, which informs much of our debate in the Board and its committees.

During 2023, the Group made considerable progress in delivering on the areas of focus aligned with the pillars of our ESG strategy: being a sustainable and responsible underwriter and investor; operating responsibly in our own business practices and in managing and monitoring our own carbon emissions; and delivering social good through the Lancashire Foundation.

The Board debates and approves the ESG strategy and oversees its implementation by management and within the business.

A report on the work of the Lancashire Foundation, including the Project Transform volunteering initiative, can be found on pages 45 to 48 and information on our progress against our strategic objective to be an employer of choice is outlined on page 33. Reporting on our own emissions can be found on page 68.

The Group's ESG Committee, chaired by our Group Head of Investor Relations, reports quarterly to the Board and includes representatives from across Lancashire's operations, including senior members of the underwriting, risk, legal, HR, finance and communications teams. This depth of experience and insight is invaluable in ensuring that ESG matters are considered and implemented across the Company's operations. Senior management also receive regular reports on the ESG Committee's activities and are fully engaged with all decision-making.

We believe our attention and influence is best put to use in focusing on those areas where we can have a meaningful and more immediate impact on society, our people and the environment. This includes developing the potential of our people, and managing our own carbon emissions through positive action such as carbon offsetting. Additionally, the activities of the Lancashire Foundation are clear examples of the importance of putting ESG into action rather than just words.

As in previous years, the discussion around climate change and other environmental factors, and the best way to respond to those challenges, has continued at both a governmental and local level in 2023.

As a responsible business, Lancashire actively plays a role in this debate through our engagement with our clients as they go through their own transition away from carbon-based energy, and we welcome the opportunity to utilise our expertise in areas of risk management in these discussions. During 2023, Lancashire also published its first report to ClimateWise, which is available on our website, and continued to support the aims of the Task Force on Climate-related Financial Disclosures (TCFD). Our full TCFD report can be found on pages 49 to 64 which sets out clearly our progress in the area of climate change management of risk and opportunity.

During 2023, the Board has continued its active engagement with the Group's stakeholders. In particular, our Non-Executive Directors regularly meet with employees from across the business to discuss a range of matters on both a formal and informal basis. Board members welcome the opportunity to attend the quarterly Town Hall events which are led by Alex Maloney to discuss the work of the Board and to answer questions from employees. Presentations were also received at various committees on a range of topics including feedback from the 2023 employee survey, underwriting opportunities within product classes, and wider corporate developments and enhancements, such as the plans for a U.S. operation.

Succession planning is also an important part of the Board's work to ensure that we have the appropriate skills, experience and expertise to support the business.

During the year, we welcomed two new Non-Executive Directors to Lancashire. In April, Bryan Joseph joined the Board and as a member of the Audit and Underwriting and Underwriting Risk Committees. Bryan has over 40 years' experience as an actuary in the global insurance and reinsurance industry. Later in the year, we announced the appointment of Philip Broadley as a Non-Executive Director and as the LHL Chair designate. He is expected to succeed me in that role, subject to shareholder approval, following Lancashire's 2024 AGM.

Our Senior Independent Director Robert Lusardi led the search for a Chair successor and on behalf of the Board. I would like to thank him and colleagues on the Nomination, Corporate Governance and Sustainability Committee for their hard work and diligence.

Due to its relatively small size, the appointment or departure of a single director may temporarily impact Board diversity and that is the case at present, where the percentage of women on the Board is below our stated objective of 40%. We plan to address this during 2024 and the Board will continue to explore opportunities to further improve diversity within its own make-up and across the wider Group.

We fully recognise the benefits of diversity across the Group, and the importance of appointing high-quality Directors with a wide range of backgrounds, skills, gender, ethnicity and diversity of thought. However, the need to identify the best person for a role to best advance the business and interests of the Group and all its stakeholders is also important.

With regard to the Group's disclosure reporting obligations for diversity targets under listing rule 9.8.6 R (a) the Company is able to report the following position at the 2023 year end.

The Board has a 40% objective for women Directors on the Board and on the Group's principal executive management team. As at 31 December 2023, the percentage of female representation on the Board stood at 30% and within the executive management team at 56%. The Board intends to take action as part of its succession planning to meet this objective in the short to medium term. With Natalie Kershaw as our Group CFO we are able to confirm that the Board continues to have at least one woman in one of the four most senior positions on the Board. In line with the recommendations set out in the Parker Review on ethnic diversity, the Board has adopted the Parker Review objective to have at least one qualifying Director on the Board by 2024. This objective is currently met following the appointment of Bryan Joseph in 2023.

As a premium-listed company on the LSE, Lancashire measures its corporate governance compliance against the requirements of the UK Corporate Governance Code published by the UK FRC. This requires each company with a premium listing to disclose how it has complied with Code provisions or, if the Code provisions have not been complied with, provide an explanation for the non-compliance. The Board's Nomination, Corporate Governance and Sustainability Committee monitors the Group's Code compliance quarterly and more information can be found in the report starting on page 89. In addition, the Company also monitors compliance with applicable corporate governance requirements under Bermuda law and regulations. The Company is subject to group supervision by the BMA, which also regulates LICL, the Group's Bermuda-incorporated (re)insurance entity. The Group's UK insurance entities are regulated by the PRA and the FCA, and Lloyd's in the case of LSL and Syndicates 2010 and 3010.

The Board has continued to focus on proactive and constructive stakeholder engagement aligned to the Section 172 responsibilities of boards under the UK Companies Act 2006. While not formally subject to Section 172 as a matter of law, due to the Company's incorporation in Bermuda, we believe that, as a responsible business, complying with those responsibilities is a matter of importance and that they provide practical working tools by which we can monitor our engagement. The Board's statement regarding matters covered by Section 172 can be found on page 80 which outlines examples of how the Board and the business have factored in the needs of our stakeholders in their discussions and decision-making.

I am pleased to say that, in the judgement of the Board, the Company has complied with the principles and provisions as set out in the Code throughout the year ended 31 December 2023, and has appropriately considered those duties set out in Section 172.

Our ESG strategy, impact, progress and areas of focus

During 2023, we have continued to deliver on the Group's ESG strategy and priorities.

	Progress in 2023	Focus
1. People and culture Giving our people the environment, tools, skills and support they need to thrive in an open, honest and diverse culture.	• High levels of employee engagement measured through 2023 all-employee survey. • Reported diversity aligned to FCA disclosure requirements. • Lancashire Employee Network launched offering peer-to-peer information sessions and external speakers. • Increased use of social media to expand hiring pool for vacancies. • New employees continue to receive training on diversity matters in employee induction programme.	• Maintain high levels of engagement and continue to offer formal and informal channels for employee feedback. • Gender Pay Gap reporting. • Expand activities for Lancashire Employee Network to include soft skills training, following feedback. • Continue to monitor applications to ensure we attract a diverse talent pool. • Management Development Programme to continue to be rolled out in 2024 for new and existing managers.
2. Sustainable insurance Ensuring our business considers climate change and other ESG issues in our underwriting decision-making.	• ESG insurance underwriting guidelines reviewed and approved by the Board. • ESG-related premium evaluated and reported to the Board quarterly. • Regular monitoring of energy clients' transition plans. • Maintained active dialogue on ESG issues with clients and brokers. • Published first public ClimateWise report.	• Annual reporting aligned to ClimateWise requirements. • ESG insurance underwriting guidelines reviewed by Board to ensure they are appropriate. • Maintain ESG-related premium metrics and report to Board quarterly. • Continue engagement with ClimateWise and seek to improve reporting and disclosures for 2024.
3. Responsible investment Demonstrating our commitment to ESG, including responsibility for our environment, through the management of our investments.	• 96.7% of the Group's principal investment managers are signatories to the UN Principles for Responsible Investment. • Continued to review and monitor ESG investment guidelines as embedded in external investment managers' guidelines.	• Continue to monitor principal investment managers as signatories to the UN Principles for Responsible Investment. • Monitor the climate change risk sensitivity, ESG profile and carbon intensity profile of the Group's investment portfolio with regard to developing expectations and methodologies and keeping within agreed guidelines.
4. Operating responsibly Running our business as a good corporate citizen, being a responsible preserver of resources, and holding our supply chain to the high standards we apply to ourselves. Supporting wider society through our corporate and charitable activities including the Lancashire Foundation. Meeting and complying with legal, regulatory and investor obligations on ESG.	• Group emissions reduced per FTE. • Fully offset calculated 2023 GHG market-based emissions by purchasing verified credits. • More than $23 million donated to charitable organisations since 2007. • 2023 report submitted to Carbon Disclosure Project. • Continued to support and report against the aims of the TCFD. • Sustainable lighting installed as part of London office refurbishment.	• Monitor and report annually the Group's emissions. • Continue to fully offset calculated GHG market-based emissions through purchasing verified credits. • Maintain and support the work of the Lancashire Foundation through funding and volunteering. • Continue to engage with Carbon Disclosure Project and report against the aims of the TCFD. • Maintain awareness of emerging frameworks for future reporting requirements (for example the Taskforce on Nature-related Financial Disclosures (TNFD)).

Delivering for our communities

"The Lancashire Foundation's funding is linked to the Group's financial results. Our employees know that strong business performance will allow us to continue to support charities in the communities where we operate, as well as in communities around the world."

Jennifer Wilson
Chair of the Lancashire Foundation Donations Committee

Our support is our way of giving back

The Lancashire Foundation is funded through a donation pool which is linked to the Group's financial results. This means that our employees know that strong business performance will assist in supporting the wider community.

The Lancashire Foundation, which has been a UK-registered charity since September 2012, receives 0.75% of Group profits with a minimum threshold of $250,000 to a maximum of $750,000. The Board periodically receives reports from the Foundation's Trustees and a designated Board representative meets with employees involved in the Foundation annually to discuss the strategy for giving for the upcoming year.

During 2023, the Lancashire Foundation continued its work supporting a range of causes in our home markets and further afield. Since it was formed in 2007, over $23 million has been donated by the Foundation to charitable organisations.

A number of these causes have long-standing relationships with Lancashire, and we are proud of the ongoing support we have given them.

During 2023, the Foundation has focused on supporting causes working to protect the environment. This followed a successful programme of support for social causes in 2022.

The Foundation made a $50,000 donation as part of our partnership with the charity Waterstart Bermuda, which plans to open a sustainable campus and other initiatives on Burt Island. It will ultimately serve as a microcosm of an ideal community and a role model in Bermuda and more widely. Waterstart Bermuda's mission is to promote personal growth and environmental awareness through experiential education.

The British Mountaineering Council's Access and Conservation Trust was also a beneficiary of a £45,000 donation. This charity funds projects to protect cliffs, uplands, mountains and outdoor spaces across the United Kingdom and Ireland.

The Foundation has also supported the Bermuda Underwater Exploration Institute's 2023 Youth Climate Summit. The week-long event engages young people on global climate issues and is the foundation for a year of youth-led activities focused on local climate action on conservation and sustainability. Over 150 students aged 13 to 22, from across Bermuda, were involved.

More widely, the Foundation has also helped those in need following earthquakes in Turkey and Syria in early 2023. A donation of £50,000 was made to the Disasters Emergency Committee (DEC) via the British Red Cross. The DEC is a group of 15 UK aid charities that work together to raise funds quickly and efficiently at times of crisis overseas.

The Foundation also matched all employee donations to the DEC/British Red Cross.

The Foundation also donates funds to enhance the impact of a range of activities undertaken by colleagues.

For example, during 2023, colleagues in Bermuda took part in the Relay for Life to raise funds to increase access to cancer prevention, early detection, treatment and support at the Bermuda Cancer and Health Centre.

Alongside a donation from the Foundation, employees made generous personal donations via the proceeds from a silent auction and bake sale. Lancashire's people raised almost $21,000 and the overall event raised over $800,000.

$23m

Since it was founded in 2007, over $23 million has been donated by the Foundation to charitable organisations.

$50,000

donation as part of our partnership with the charity Waterstart Bermuda which plans to open a sustainable campus and other initiatives on Burt Island.

£50,000

The Foundation has also helped those in need following earthquakes in Turkey and Syria in early 2023 donating to the Disasters Emergency Committee via the British Red Cross.

> ***"We are proud of the ongoing support we have given to our long-term partners."***

Our long-standing partnerships

The Family Centre in Bermuda

Lancashire has been supporting The Family Centre in Bermuda since 2007 to aid their work helping children suffering from emotional, social, behavioural and trauma-based challenges. Assistance is available to any Bermuda resident that meets the criteria and has the need. During the year, in addition to the ongoing donation, a $100,000 donation was made in honour of the Family Centre's founder, Martha Dismont, who passed away in 2023.

Tomorrow's Voices

Tomorrow's Voices is a Bermudian autism early intervention centre which has been helping the community since 2007. It aims to assist people diagnosed with autism or on the autism spectrum, starting at the age of two.

Cancer Research UK

Cancer Research UK is the world's largest independent cancer research organisation and is dedicated to saving lives through research, influence and information.

Causes close to our people

Importantly, the Foundation also encourages employees to nominate charities that they believe would benefit from funding. We know that even a relatively small single donation can have a big impact. More than $56,000 was donated to organisations nominated by employees during 2023. Donations to employee-nominated charities are a minimum of £2,000. The Foundation's Donations Committee meets quarterly to review submissions from employees and make recommendations for donations. The Committee is made up of employees and their recommendations are submitted for approval by the Foundation's Trustees. Additionally, the Foundation provides matching donations for fundraising endeavours such as marathons, triathlons, and other activities by employees.

St Giles Trust

The Lancashire Foundation is proud to have been supporting the St Giles Trust for 10 years.

The charity helps people held back by poverty, dealing with addiction or mental health problems, caught up in crime or a combination of these issues and others.

During 2023, employees Sharyl Jauod and Florinda DeMaio volunteered their time to restock the St Giles Trust pantry in London. The pantry offers high-quality, nutritious and healthy food to those struggling to feed themselves and their families.

Just some of the charities nominated by employees which received funding from the Foundation during 2023.

Forget Me Not Support Group
Supporting bereaved parents and families of babies.

SCARS Bermuda
Reducing the risk of child sexual abuse by raising public awareness, educating adults on prevention, and lobbying decision-makers to protect children.

Haven House Children's Hospice
Providing high-quality palliative and holistic care services to babies, children and young people and their families.

Usher Kids UK
Serving the needs of children and young people and their families living with Usher syndrome – a rare cause of progressive deafness and blindness.

Waves Music Therapy – Toby's Fund
Assisting children suffering from complex trauma and/or emotional and behavioural issues through specialist music therapy.

WeSeeHope
Helping vulnerable children in Southern and Eastern Africa through early childhood development, educational and vocational-based training.

Friends of Treetops School
Refurbishing a sensory room for children with disabilities.

Oakhaven Hospice
Providing support through hospice and home care services.

Crohn's & Colitis UK
Funding research into potential cures and treatments and also supporting those suffering from these illnesses.

The Kevin Bell Repatriation Trust
Assisting bereaved families to repatriate the bodies of loved ones.

George's Windmills
Supporting children's wards and family areas connected to hospitals.

It Takes a Village Foundation
Supporting vulnerable women with education, food vouchers and other necessary items, not currently offered by the statutory authorities or other charitable organisations in Bermuda.

The Royal Marsden Cancer Charity
Improving diagnosis and personalised care for cancer patients.

Home for Good
Providing a home for every child who needs one via fostering, adoption or supported lodgings.

Plymouth Hospitals Charity – Derriford Children's Wards
Improving a hospital ward or area that needs extra care to make it more friendly or calming for people who need it.

Trees for Cities
Creating high-quality green spaces in socially and environmentally deprived areas. They hope to plant their 2,000,000th tree in 2024.

PROJECT TRANSFORM
Tanzania 2023

Project Transform

During 2023, Lancashire was pleased to relaunch Project Transform, which offers employees the opportunity to take part in volunteering activities overseas.

The first Project Transform visit took place in 2010 in the Philippines and since then annual trips have been arranged, with a pause during the COVID-19 pandemic. The Tanzania programme was organised with the International Volunteer HQ organisation.

Figures from the UN Development Programme show that more than 57% of the population in Tanzania lives in poverty, making assistance initiatives, such as Project Transform, extremely valuable.

The 2023 activity saw 12 employees from across the Group travel to the country to assist with a construction project to build a new home for 68-year-old widow Beatrice.

Team member Jamie Grant said: "When we arrived, she welcomed us into her current house, a tumbledown shack with a low tin roof (secured with rocks), no windows but plenty of holes in the mud walls, and only a narrow sofa for a bed."

During the week-long programme, the team helped clear an adjoining plot, dig and pour the foundations and begin the construction of the new home. The group were welcomed by members of the local community. Team member Kelly Turner said: "Saying farewell to the local children was very tough. These kids had been with us all week – watching our progress, entertaining us with their singing and their dancing, as well as taking every opportunity to encourage us to down tools and join them in a game of street football."

"The project team had coordinated gift bags for 25 children, colouring books and pencils for the younger ones and exercise books and maths sets for the older ones who were soon to be heading to senior school."

"The team left Tanzania after a truly amazing experience, with many team members having been inspired to consider further volunteering work when back in the UK/Bermuda, or further afield."

2023 TCFD report

Meeting the challenges and opportunities of ESG and climate issues has been a focus within the Lancashire business for many years.

Our underwriting mindset is grounded in a pragmatic understanding of potential perils, their nature, and mitigation factors. The risks of climate change on the insurance industry affect the asset and liability side of the balance sheet. That double exposure drives us to work with our clients to assist them with risk solutions that help them recover from the impact of catastrophic events, including those associated with climate change.

We also act as a partner with our clients during their journey through this phase of global carbon transition.

Lancashire operates in a subscription market that allows us to adjust our insurance solutions and provide policyholders with flexibility as their needs change to address climate-related challenges and planning.

Our approach to reporting

Every year, we build upon our increasing knowledge to move discussions further in identifying the opportunities to work alongside our clients, investors, and other stakeholders to address complex climate change issues. The summary on the following pages details our disclosures, which are consistent with the TCFD's four core elements – governance, strategy, risk management, and metrics and targets – underpinned by 11 recommendations.

About this report

In compliance with the Financial Conduct Authority (FCA) listing rules, these disclosures are consistent with the TCFD recommendations and recommended disclosures.

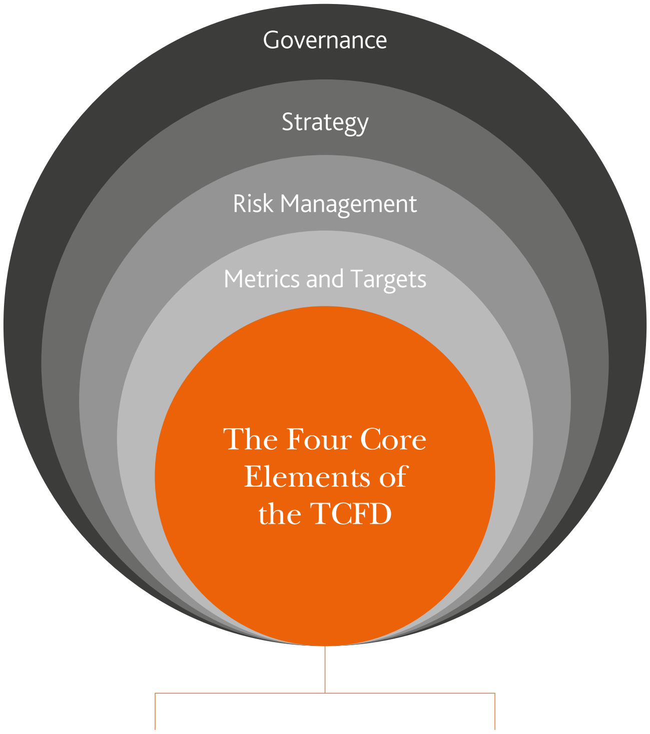
Lancashire is a TCFD supporter and recognises the value of consistent disclosures. Annual reporting against TCFD allows us to understand climate-related business risks and opportunities. Some additional guidance in the October 2021 TCFD Annex requires more time for us to consider fully. We will continue this review throughout 2024.

Our Scope 3 disclosures relate to the measurable emissions referable to our own operations, as more specifically detailed in this report. At this time, there is no commonly-adopted methodology, nor the available data for accurate and comparable measurement and apportionment of Scope 3 emissions referable to the economic activity associated with the Group's investment portfolio or its (re)insureds; further details on our approach can be found in the Strategy section of this report.

This report complements Lancashire's ClimateWise Report dated August 2023, our Principles for Sustainable Insurance disclosures and our CDP submission.

Lancashire's TCFD roadmap

In 2023, the Board assessed the prominent risks facing the Group, including those that could threaten our business model, future performance, solvency, or liquidity. This review stressed the 2023 business plan for several severe but plausible scenarios, including climate change and the impact on capital evaluated. Since then, we have completed annual disclosures relating to GHG emissions, focusing on continuous improvement over time. Looking at our progress to date, we can identify areas to focus on and prioritise combining short- and long-term actions and commitments that support meeting the UK government's net-zero target by 2050.



Governance

The organisation's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning

Risk Management

The processes used by the organisation to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets to assess and manage relevant climate-related risks and opportunities

Core areas of TCFD disclosure

Governance

Disclosure elements	2023 Practice
Board's oversight of climate-related matters See page 51	• Continued to evolve Board oversight and monitoring of climate-related risks and opportunities, actioned through Board committees with climate-specific related duties. • Oversaw the strategic planning process and approved the annual update of the strategic plan, including building on climate change risks and opportunities.
Management's role in assessing and managing climate-related matters See page 51	• Continued to focus on the actual and potential impacts of climate-related risks and opportunities through our underwriting, risk and exposure management with wider oversight by the ESG Committee across the business. • Carried out climate-related risk and opportunities analysis, governed by the RRC, facilitated by our Group CRO and delivered through strategic business units and functional groups.

Strategy

Disclosure elements	2023 Practice
Climate-related risks and opportunities identified over the short, medium and long term See page 54	• Identified climate-related risks and opportunities using an internal view of risks and the impact of physical and transitional risks.
Impact of climate-related risks and opportunities See page 57	• Continued to explore opportunities and manage risks and the impact they have on all aspects of our business and strategy. • Linked underwriting guidelines to our formal risk appetite and focused on assisting the broader set of efforts to mitigate climate change's impact on the economy and society.
Resilience to climate-related risks using scenarios analysis See page 59	• Conducted stress and scenario testing as part of our business planning process to get insight into the impact natural catastrophe events could have on our business. • Supplemented the underwriting approach with several sophisticated models that model exposures and predict losses for hurricanes and other weather occurrences. • We manage our capital by reference to sophisticated modeling using actuarial inputs relating the Group's exposure to major catastrophic events, including climate-driven catastrophes.

Risk Management

Disclosure elements	2023 Practice
Processes for identifying, assessing and managing climate-related risks See page 60	• Continued dialogue with risk owners and subject matter experts across the Group including annual underwriting strategy days to review current and anticipated climate risks. • Continued to monitor PMLs of top elemental perils and continued to manage climate risk as a part of underwriting and investment risk considerations and as a driver of our capital requirements. • Continued to monitor ESG-related premiums to identify transition risk with these premiums reviewed by the Board every quarter.
Integration into risk management framework See page 61	• Embedded climate-related risk into our ERM framework, by using qualitative and quantitative risk analysis, and our risk appetite statements. • Integrated climate risk tolerances in Group and individual entity risk appetite statements, which are assessed at least annually. • Continued to enhance the process for identifying climate-related risks and opportunities with tools and frameworks used across the Group.

Metrics and Targets

Disclosure elements	2023 Practice
Metrics used to assess climate-related risks and opportunities See page 62	• Reported on PMLs and the outputs of how risk is monitored against various perils in different global regions. • Continued to test assumptions with external models challenging the macro and specific account levels.
Scope 1, 2, 3 GHG emissions See page 63	• Reported Scope 1, 2 and 3 operational GHG emissions, relating to our own emissions, and progress towards our path to the UK carbon net-zero in 2050. • Disclosed operational emissions per full-time employee (FTE) against our target of a further reduction in emissions per FTE of 15% by 2030.
Targets used to manage climate-related risks and opportunities See page 64	• Monitored our net-zero target for 2050 for our own operations' emissions and continually sought innovative ways to make improvements. • Established corporate policies in place and a commitment to offset our emissions for our own operations.

Governance

Board's oversight of climate-related matters

Our governance structure for managing the Group's climate-related risks and opportunities is the same as for any other key risks and opportunities identified on our risk register. Below is an overview of the organisational structure and how climate-related risks and opportunities are embedded in our governance structure.

Board Oversight

Board and Board Committees

Board of Directors and its Committees

Oversees and approves our climate strategy and how we manage climate risks and opportunities.

Nomination, Corp Governance & Sustainability Committee	Investment Committee	Underwriting & Underwriting Risk Committee	Remuneration Committee	Audit Committee
Oversees issues of sustainability, including developments in climate change risk management and reporting. Committee makes recommendations to the Board regarding the ESG responsibilities of the Company.	Oversees the investment risks, including sustainability risks, by monitoring the portfolio's climate change risk sensitivity, performance against a climate Value at Risk (VaR) appetite statement and the carbon intensity of certain investment assets as part of the regular quarterly reporting process.	Oversees the impacts as an influence on insured perils of climate change and transition risk, as well as the broader ESG risks, and articulates appropriate appetites and tolerances for the Group.	Oversees the Group's remuneration packages, including the Group's remuneration structure, ensuring they are in line with the Group's business and ESG strategy.	Oversees our financial reporting, internal and external audit oversight, internal controls and risk management systems. Oversees the disclosures of the Group's ESG strategy, carbon accounting footprint and offsetting, and the Group's TCFD report.

Management Oversight

Executive Committee

Chief Executive Officer

Oversees and responsible for providing strategic direction and implementation regarding climate-related goals, risks, and disclosures.

Group Chief Financial Officer	Group Chief Risk Officer	Group Chief Operating Officer	Group Chief Human Resources Officer	Group General Counsel and Chief Executive Officer Lancashire Insurance Company (UK) Limited	Chief Executive Officer Lancashire Insurance Company Limited and Reinsurance Manager	Chief Executive Officer, Lancashire Syndicates Limited	Group Chief Underwriting Officer and LCM CEO

Management Committees and Forums

- ESG Committee
- Disclosure Committee
- Investment Risk and Return Committee (IRRC)
- Risk and Return Committee (RRC)
- Reinsurance Security Committee (RSC)
- View of Risk Committee

Board oversight

The LHL Board is responsible for the oversight of climate-related risks and opportunities. It oversees the Group's ERM activities and receives regular updates on material risks, including ESG-related risks and opportunities. This is done through the Nomination, Corporate Governance and Sustainability Committee, the Underwriting and Underwriting Risk Committee, and the Investment Committee. The Board's five reporting committees provide oversight and challenge management on progress against goals and targets.

The **Nomination, Corporate Governance and Sustainability Committee** monitors issues of sustainability, including developments in climate change risk management and reporting.

The **Underwriting and Underwriting Risk Committee** monitors the Group's underwriting exposure to catastrophic risks including those influenced by the impacts of climate change on the transition and physical risks, as well as strategic planning of ESG risks, and articulates appropriate risk appetites and risk tolerances for the Group. The Committee also monitors exposures versus the Board-approved risk tolerances on a quarterly basis.

The **Investment Committee** monitors climate change risk sensitivity, the ESG, and the carbon intensity profile of the Group's investment portfolio and investment risk parameters, which include specific Board-approved climate-related investment guidelines applied across the Group's fixed maturity portfolio.

Director development

In 2024, our Group CRO will deliver a session on climate risk for Board members. The objective is to share current and emerging risk practices, regulatory developments, and evolving climate-related ESG issues. This will build on the existing quarterly ORSA updates that the Group CRO prepares, which informs on climate-related risk and capital implications. ORSA updates report on the Group's risk exposures and compare them against risk tolerances, including natural catastrophe perils. Were material breaches to occur, they would be presented and mitigation strategies would be recommended. Emerging risks, including climate-related financial risks are discussed, including their potential impact on the business plan.

Examples of Board ESG and climate change oversight in 2023

Annual review and approval of the Group's:

- Strategy including ESG factors;
- Risk appetite statements, including climate-related reports for the asset and liability side of our business; and
- Tolerances for elemental PMLs and non-elemental RDSs.

Review and approval of the Group's:

- Insurance underwriting guidelines including ESG considerations;
- Annual ORSA report and quarterly reporting, which contains information on all risk categories highlighting material risk considerations, including climate-related risk where appropriate; and
- Stress test outputs as part of the annual business planning exercise and the annual ORSA reporting process, including climate-related scenarios.

Monitors performance against:

- VaR risk appetite statement as part of the regular quarterly reporting process;
- Preference for the financial impact of the Climate VaR on the Group's actual fixed maturity portfolio;
- Investment portfolio performance referencing the MSCI carbon sensitivity and ESG profile tool;
- Business underwritten within the Group against the strategic plan and the Board-approved risk tolerances, including those linked to climate-related catastrophe loss events; and
- ESG-related premium as a percentage of total premium written.

Management's role in assessing and managing climate-related matters

At the Executive Management level, the Group CEO is accountable for the development and execution of the Group strategy, setting the right tone company-wide, and establishing our ESG priorities, including managing climate-related risks and opportunities and overseeing the process for calculating the Group's GHG emissions for its own operations and for the related purchase of offsetting credits.

The Group CUO is ultimately responsible for the business written by the Group, assisted by the segment and subsidiary CUOs and active underwriters. Climate-related risks and opportunities related to the business written are assessed as part of the underwriting process. Each underwriter has underwriting authority, in which climate-related underwriting guidelines are embedded.

The Group CRO is responsible for the implementation of the risk management framework, which includes facilitating the identification, assessment, evaluation, and management of existing and emerging risks, and for ensuring these risks are considered and are properly included in management and the Board oversight and decision-making process.

Management reporting

The key areas of monitoring the overall governance processes and management reporting processes are:

- Achievement of strategic objectives;
- Business performance;
- Investment performance and liquidity;
- Concentration exposure;
- Reserving adequacy;
- Capital requirements;
- Material risks faced by the business;
- Risk appetite and tolerance;
- Effectiveness of the control environment; and
- Compliance with laws and regulations.

ESG-linked compensation

The Group CEO and CFO's performance-related compensation is based on Company-wide performance and personal performance objectives with a 75%/25% weighting. Their personal objectives include ESG-related objectives. Achieving our ESG targets is a fundamental component of our incentive plan, which the Board approves. By aligning our incentive compensation awards to our ESG performance, we have created a direct link between ESG-related criteria and executive compensation.

Management-level ESG Committee

The ESG Committee, which was established by management in 2021, is tasked with the oversight, co-ordination and internal management of the Group's ESG strategy. The ESG Committee reports to the Nomination, Corporate Governance and Sustainability Committee quarterly and regularly to the Group Executive Committee and is supported by the Diversity, Equity & Inclusion Working Group.

Key developments are reported to the Nomination, Corporate Governance and Sustainability Committee, as well as the Investment and the Underwriting and Underwriting Risk, Audit and Remuneration Committees as appropriate, and ultimately to the Board via the Group CRO's quarterly reporting and periodic reporting from the ESG Committee Chair.

Management-level Risk and Return Committee

The RRC evaluates and monitors the Group's modelled underwriting PMLs and RDSs against the Group's tolerance levels on a monthly and quarterly basis, respectively. Lancashire underwrites predominantly short-tail business, with loss exposures usually crystallising within a policy period of 12 months. As a result, with PML levels updated monthly and shared internally, we ensure we closely track both market pricing and coverage conditions and the Group's modelled climate-related loss exposures; this information, in turn, is communicated quarterly to the Board. Please see page 150 for more information.

Management-level Investment Risk and Return Committee

The IRRC actively monitors the potential impacts of climate change-related transitional risk on assets within the Group's investment portfolio. We work with our external portfolio managers to monitor the carbon and ESG profile of the Group's investment portfolio. The requirement to monitor, develop and implement ESG and TCFD principles is included within its terms of reference.

The Group CRO is a member or attendee of all the committees described above and provides a link between each individual forum and the Group Executive Committee.

Group-wide teams supporting climate initiatives

Our governance structure supports the effective oversight, management, and execution of our climate-change ambitions across our business. Our exposure management team — led by the Group Chief Actuary — works alongside the Group Head of Exposure Management and modelling professionals to ensure that climate-related physical risks are modelled, with the sensitivity of peril parameters (frequency and severity) assessed. The results inform decision-making with regards to our strategy and portfolio.

In our underwriting operations, we manage climate risk by sharing knowledge and guidance on the insurance underwriting guidelines that are part of each underwriter's authority. Adherence to underwriting authority forms part of the annual performance appraisal process. Our internal modelling expertise is supplemented with external vendor models that support complying with the tolerances and preferences created to manage our exposure, including loss events that climate change trends may have shaped.

Strategy

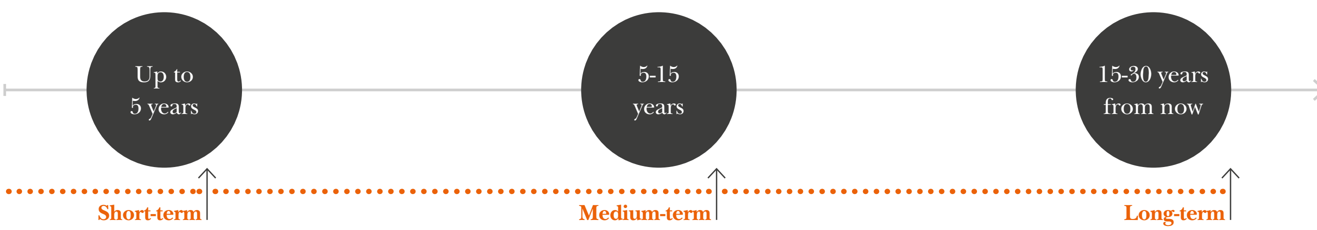
We integrate climate-related opportunities into our business to build on our strengths and capabilities.

The Group analyses its investment portfolio and uses tools to understand the resilience to climate-related scenarios, the carbon intensity of assets and other ESG-related considerations. The Group does not yet have a sufficiently robust set of analytical tools and data to articulate a GHG baseline for the investment portfolio, which might be used in target setting, but intends to work with its portfolio managers to refine the analytical tools and available data in the coming years. Similarly, there is no insurance industry-wide common methodology for calculating and reporting GHG emissions relating to an insured portfolio, and the Group does not yet have the data or a commonly accepted methodology to establish a meaningful baseline or associated target for its underwriting activities. The Group intends to continue engaging with industry bodies and think tanks to develop its strategic thinking in these areas, mainly through our participation in ClimateWise.

Climate-related risks and opportunities identified over the short, medium, and long term

Strategy and planning time frames

When evaluating the actual and potential impacts of climate-related risks and opportunities on our strategy and financial planning, we scrutinise three sets of time frames.



Short-term

We predominantly underwrite short-tail business, so the principal impact of climate-related risks and opportunities is on short-term strategy. Potential impacts are mitigated by our ability to consider new data regarding the frequency and severity of elemental catastrophe events, re-evaluate the portfolio annually, re-price physical risks and reset exposure levels.

Medium-term

Over the last several years, we have seen increased climate-related information provided in the underwriting process. We recognise that climate change impacts the longer-term strategy regarding emerging risks. The Group's casualty risk exposures, which have a medium-term time frame, are not typically heavily influenced by catastrophic climate change-related loss events.

Long-term

Management works with some of the leading external catastrophe model providers to better capture the latest science that underlies and informs developments in the short- and long-term climate-related assumptions in their stochastic models. These developments are included in the Group's management and Board-approved business strategy with a view towards 2030, which is reviewed and updated annually. More information can be found on page 120.

The process by which management identify emerging risks, including those which are climate-related, is described on page 27 of the enterprise risk management section. As part of this process the potential impact of the risks is assessed including magnitude, likelihood and time horizon. Risk mitigation and monitoring plans are then put in place using a risk based approach to prioritise those considered most material and likely to impact the business.

Board oversight of strategy

While our strategic planning is based on the period to 2030, the Board's strategic discussions are informed by consideration of potential global future trends in the medium- to longer-term scenarios. The Board examines the impacts of transitional climate change risk on our business, the Group's underwriting and investment portfolios, and associated strategies.

Decarbonising economy to net-zero

Decarbonising the power sector is expected to be a key driver in transitioning the global economy. Globally, the shift will be to swap to alternative energy sources. Investments and risk coverage will need to run parallel to this new lower carbon economy.

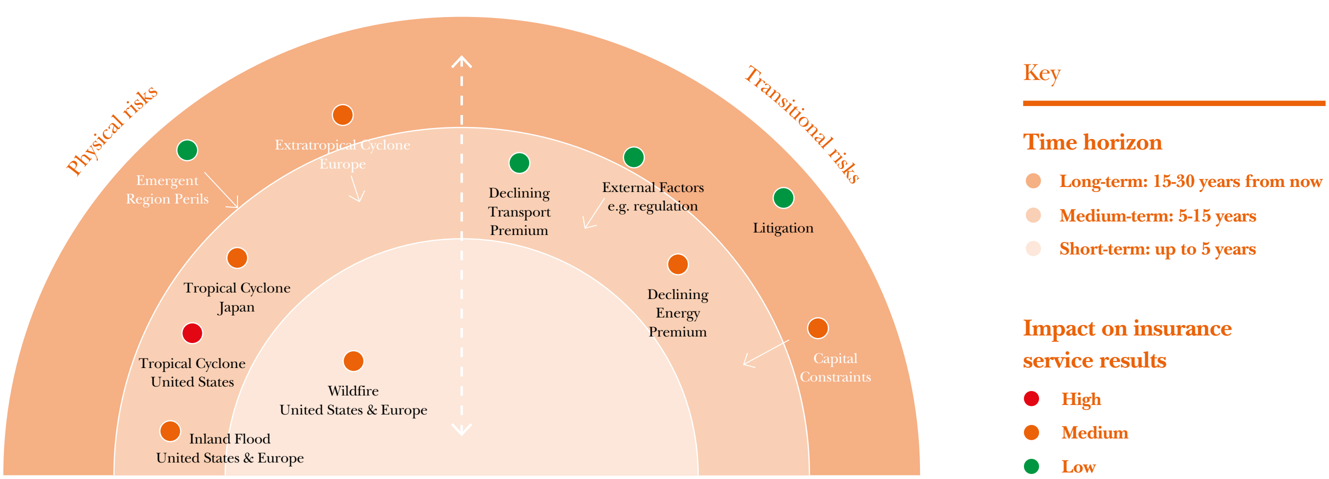
The Group may face the transitional risk of a declining premium environment in the traditional oil and gas sector, and transportation classes over time, and/or the risk of exposure to climate change-related litigation. As the economy transitions from a carbon-based one towards a net-zero future, we have considered the impact of new technology and how it will influence the whole energy sector including renewable energy risks, which we underwrite.

We can mitigate loss of revenues from these declining sectors by working with clients as they transition, and insuring the infrastructure and assets required for the transition.

Internal view of risk

In 2021, we developed a Climate Risk Radar, which was refreshed in 2023. It illustrates Lancashire's current internal view of the physical and transition risks from climate change, including the potential time horizon over which they may be faced, the potential magnitude of financial impact, and the geographical region (for physical risks). It allows us to map the climate dependencies to understand where the disruption might occur and financially impact our business from a physical or transition risk.

Climate change risk radar



The arrows pointing inward indicate shortening time-frames for these risks.

Annual strategy days

The two annual underwriting strategy days for our insurance and reinsurance segments included the assessment of climate-related risks of current and anticipated future risks. This includes but is not limited to transition risk arising from a decline in the value of assets to be insured, changing energy costs, and liability risks that could arise from climate-related litigation. Physical, transition, and liability risks are considered by business segment and geographical location, and the expected impact from the risks identified are tested for magnitude and timescale.

Over the last several years, we have continued to identify and articulate the financial impacts of physical and transitional climate-related risks; examples are:

Physical risks

Extreme Weather

- Flooding
- Drought
- Rising sea levels
- Rising temperatures
- Wind
- Forest fires
- Convective storms

Transitional risks

- Legal and regulatory
- Technology
- Market
- Reputational

Potential effects of climate risk

Physical risk to our own operations is less material. We do not have significant physical assets to be impacted by physical risk, with the main impact of physical risk arising from our underwriting portfolio as losses from elemental catastrophic events. We do, however, have robust business continuity processes in place.

Loss amplification factors, time frame, and magnitude are considered for each extreme weather physical risk identified, as are metrics by which these risks can be monitored and reported.

Transitional risks that the Group may face include the probability of a declining premium environment in the traditional oil and gas sector or transportation classes over time, or the risk of exposure to climate change-related litigation.

The potential impact in terms of premium is thought to range from low to medium for the relevant subsidiary writing the business. However, the financial impact of these risks on the Group ranges from very low to low due to the inherent responsiveness in the Group’s underwriting strategy. The impact would be expected to be felt in both business segments, i.e., insurance and reinsurance.

Impact of climate-related risks and opportunities

Climate-related opportunities

As a (re)insurer, the Group accepts and mitigates risk; for every risk identified, there is the potential for an opportunity. Opportunities will arise from the investment in infrastructure required for the world's transition to a lower-carbon economy; this infrastructure will require insurance which lies within the Group's existing classes of business and risk appetite. The demand for new environmental insurance products and services is also expected to increase. We will work closely with existing clients to provide the insurance they need as they transition and access new market offerings in the form of new assets and locations requiring insurance coverage.

A summary of the opportunities, their likelihood, time frame, and magnitude of impact on insurance service result is included in the table below.

Risk Description	Market Opportunity	Time frame	Likelihood	Magnitude
Political risk insurance	Currently, a strong uptick in ESG-related funding from our existing client base and this trend is expected to continue.	S M		
Natural catastrophe (re)insurance	Additional limit purchased by insureds and reinsurers at improved pricing levels as catastrophe risk increases with both earnings protection and capital protection being sought.	M		
Renewables	The trend for global renewable electricity generation is fully expected to continue. As our clients transition from fossil fuels to renewable energy, there will be sizeable opportunities in the market to grow this part of our portfolio.	M		
Decommissioning insurance: Oil & gas assets	Energy transition will accelerate the decommissioning of many offshore platforms and complexes. As these assets reach the end of their commercial life, there will be increased pressure to ensure that their decommissioning is done in an environmentally friendly way with appropriate risk management solutions.	M		
Carbon capture: injection of CO_2 into depleted gas fields	Offshore carbon capture and storage may play a major role in global efforts to reduce emissions with appropriate risk management solutions.	M L		
Environmental insurance products	Environmental insurance provides coverage for loss or damages resulting from unexpected releases of pollutants typically excluded in general property and liability policies.	M L		
Parametric (weather) insurance products for food and agriculture industry	Industries will look at new ways of managing weather risk where parametric triggers are more likely to offer a form of indemnity.	L	/	

Time frame

Short-term *up to 5 years*

S

Medium-term *5-15 years*

M

Long-term *15-30 years from now*

L

Short- to medium-term

S M

Medium- to long-term

M L

Likelihood

High

Medium

Low

Magnitude

High

Medium

Low

Managing risk

Lancashire is exposed to the risk of heightened severity and frequency of weather-related losses, which may be influenced by climate change. We manage this risk using stochastic models from third-party vendors with a long history of quality data governance. In addition, we adapt these models based on our views of climate risk and our clients' exposure data to create aggregate loss scenarios.

The modelling data and the capital deployment are closely monitored by executive management. Likewise, the Board monitors this quarterly as part of strategic risk and capital management, with the testing of the models leading to changes in risk levels, reinsurance purchasing and structuring strategy as required.

As part of the financial planning process, the assumptions within the underwriting portfolio are reviewed, including the expected rate adequacy and losses for each class of business. Several factors, including climate change-related factors such as frequency and severity of elemental events and the potential for associated claims inflation, drive our assumptions.

The level and availability of capital, as well as capital utilisation by class of business, are also key considerations in the financial planning process. The business mix is also reviewed, with new products and lines considered where rates prove attractive and accretive.

Underwriting guidelines

Climate-related insurance underwriting guidelines have been embedded within our Underwriting Authority framework since their development in 2021. The guidelines monitor and guide underwriting in the more carbon-intensive industries, restricting insurance policies covering targeted activities in specific global regions. When a risk is unclear, a referral process is in place. We continue to enhance how we track premiums and policies according to their climate profile. We continue to engage with our clients in the more carbon-intensive industries to understand their progress on their net-zero commitments.

Business continuity processes

Lancashire's exposure to physical risk in our operations is modest. As a business with an office in Bermuda, we recognise that this area of the world is vulnerable to catastrophic windstorm events and may be affected by future climate change trends. All Lancashire offices have business continuity processes (BCPs) and disaster recovery plans in place. Specifically, the Bermuda management team and Board consider hurricane and tsunami risks within the Bermuda office's BCP.

Risk partnerships

Outside of physical risk, Lancashire has been a risk partner of businesses operating in the aviation, marine and energy sectors worldwide for many years. The risk solutions we provide help deliver the wider social benefits of safer operations in a properly regulated environment with access to capital resources to repair quickly and remediate damage in the event of accidents or catastrophic failure.

Lancashire has strong relationships with brokers distributing our products via larger international firms and smaller independent intermediaries. We strive to be a trusted partner and add value through our expertise in risk management and risk transfer. We will continue to support our clients in meeting their business needs and in their journey to transition away from carbon-based forms of energy.

Investment portfolio

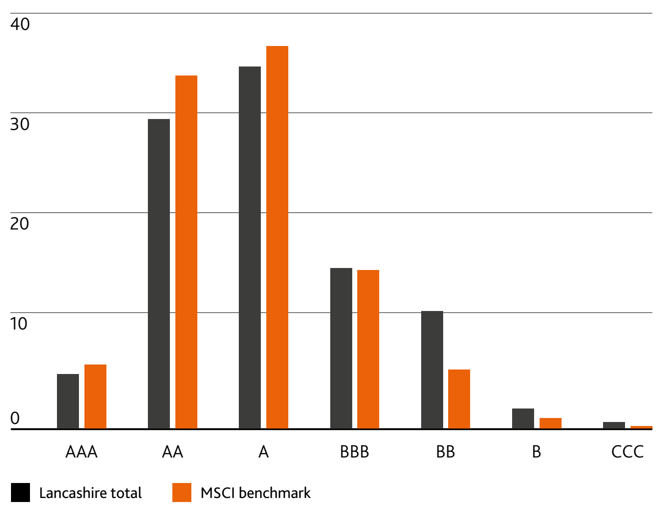
We have tools to identify, measure, and manage the potential impact of ESG and climate-related risks and opportunities on the Group's investment portfolio. This information is reviewed and reported through the IRRC, the RRC, and the Board's Investment Committee.

For the past three years, we have collaborated with our external portfolio managers to monitor the carbon intensity and ESG profile of the Group's investment portfolio. The Group's investment guidelines restrict investments in companies that rely on thermal coal for power generation or derive revenues from oil sands or Arctic oil/gas, as well as investments in fixed maturity securities with high carbon intensity ratings. Compliance with the investment guidelines is monitored every month and any adjustments are approved by the Board and Investment Committee.

Every quarter, we monitor the climate VaR against the MSCI benchmark by analysing the underlying securities measured by MSCI. Management's target preference is for the impact of climate change to be less detrimental on our portfolio than the relevant benchmark at the same level.

Lancashire monitors the ESG profile of its fixed maturity portfolio for those securities covered by the MSCI ESG rating tool. The majority of the portfolio for the year-end of 2023 was designated within the "average" ESG category. Please see the Investment Committee report starting on page 94 for further information.

MSCI overall rating (%)



Percentages for the MSCI Benchmark data are up-scaled to compare with the Lancashire securities that are covered by the MSCI.

External investment managers

As of 31 December 2023, 96.7% of our external investment portfolio was administered by managers who are signatories to the United Nation's Principles for Responsible Investment. After stress testing, our year-end analysis has shown that our investment portfolio, specifically the fixed maturities, is more resilient to the impacts of climate change than the relevant benchmark, which we have linked to a 1.5°C future pathway scenario. In our last strategic asset allocation study, we recommended a target percentage to be invested in a sustainable fund. In 2023, a portion of the funds has been dedicated to an ESG sweep facility product, an investment tool that directs cash into a money market fund account daily. In 2024, we will continue to look at other suitable sustainable funds. We are committed to working with external portfolio managers to refine our analysis further.

Resilience to climate-related risks using scenarios analysis

Stress and scenario tests

Stress and scenario testing and reverse stress tests are performed as part of the annual business planning process and the yearly ORSA reporting process that includes climate-related scenarios. The capital impacts from various scenarios, including climate-related risks and opportunities, are presented to the RRC and Board for review and discussion. We test against the prescribed underwriting loss event scenarios outlined in the Bermuda Solvency Capital Requirements (BSCR) every year. In 2023, stress testing was performed on the Group's business plans to understand the impact should the recent high catastrophe event experience be more indicative of the average experience than that currently predicted by the third-party catastrophe models.

Climate scenario used

The key climate change scenario used in the business plan and ORSA was one where the timeline for the onset of climate change related risk was deemed to accelerate. The scenario included physical risk assumptions with regards to frequency and severity of major hurricanes, and transition risk assumptions resulting in a stressed impact on inwards premiums and outwards premiums. Loss ratios were increased and an inflationary impact added, expenses were increased and investment return decreased. Overall, the scenario reduced key metrics such as Diluted Book Value Per Share, profit and return on average equity by circa 30%, but had sufficient capital to meet regulatory and rating agency requirements. This led management to conclude the Group has resilience to the impacts of climate change risk in its strategy and business model.

New modelling tool

In 2022, we transitioned to a different catastrophe model provider to increase the range of secondary perils we can model. As part of this transition and our annual model review, we have explicitly considered the impact of climate change to ensure our hazard selections within the model are appropriate for our understanding of the current environment and impact with respect to climate change.

In addition, our exposure management team has licensed a new tool to perform climate-related scenario testing looking at the impact of changes in the frequency and severity of hurricanes and the impact of storm surge for specified temperature increases.

All material new models and model changes are validated via the View of Risk Committee.

Historic modelling

Every quarter, we model the Lloyd's catastrophe RDSs for our current portfolio to understand the present-day impact of their re-occurrence. Such events include, but are not limited to, a Japanese typhoon based on the 1959 typhoon Vera, Florida windstorms landing in Miami-Dade County, and Pinellas County, Gulf of Mexico windstorm, Northeast windstorm and Carolinas windstorm.

Wind scenarios 2°C of warming

The Group calculates its outputs for modelled wind exposures which are estimated for a 2°C warming scenario, with frequency and severity assumptions for this scenario drawn from published scientific research reviewing multiple underlying published estimates of hurricane changes. The high-level stress testing looked at the relative impact using current Lancashire exposure values, applying established relationships for windspeed changes in terms of both severity and frequency under the differing response parameters, compared to current assumptions. The change in Lancashire exposure (based on current values) is shown below, which we estimate has a slightly lower impact than that for our estimate of the impact of overall industry exposures, using the same set of climate scenario assumptions and modelling.

Scenarios shown consider only the impact of the physical response of 2°C of global warming upon hurricane activity in terms of estimated wind impacts and do not consider the impact of additional physical parameters such as changes in the level of expected storm surges or rainfall patterns. Frequency and severity estimate of hurricane response under projected global climate change are inherently uncertain, with individual modelling studies generating significant variations in results for different hurricane metrics and regions, as a result of using different underlying resolutions of climate models with different underlying emission scenarios and warming ranges and/or different temperature change baselines.

Reviews of individual studies apply methods and assumptions to standardise results into common climate baselines, with then our own expert interpretation applied to selected ranges for the most appropriate values for our exposure footprint. Limitations of the scenarios are that calculations assume exposure responses, and insurance conditions remain constant as per today's relationships to hurricane frequency and severity parameters. No consideration is given to any specific mitigations (e.g., the construction of additional sea defences) or specific adaptions (e.g., strengthened local building codes, zoning regulations, etc.), or wider changes in policy responses. Scenarios assume no changes in exposure values through inflation or from underwriting decisions.

Wind only – example 1

Metric	Lancashire percentage change in exposure (based on the current portfolio)
Scenarios chosen: 0% change in frequency, 4% increase in severity (for 2°C of global warming)	
Occurrence exceedance probability every 1 in 200 years	10%

Wind only – example 2

Metric	Lancashire percentage change in exposure (based on the current portfolio)
Scenarios chosen: 15% decrease in frequency, 4% increase in severity (for 2°C of global warming)	
Occurrence exceedance probability every 1 in 200 years	8%

Resilience in our strategy

The following key factors lead the Board and management to conclude there is resilience in the Group's strategy and business model to the impacts of climate change risk: i) our book of business is largely short-tail; ii) we are able to model the geographical indications and economic impacts of climate risk on the products we sell; and iii) we price based on flexible and dynamic risk analysis.

Risk Management

Our approach to managing the effects of climate change is through an enterprise risk management (ERM) framework.

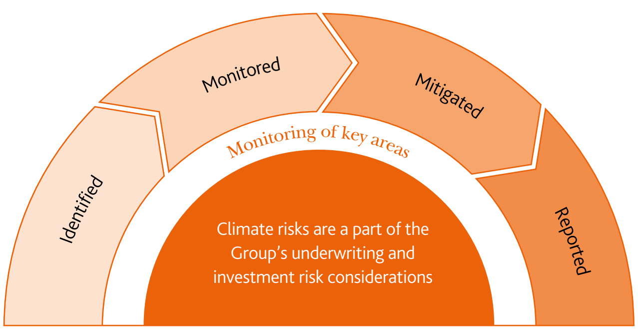
The impact of climate-related risks is managed within an existing ERM framework that functions as an active partner in business decision-making, see risks page 27.

> One of Lancashire's key operating principles, which supports the Group's strategy to produce an attractive risk-adjusted total return to shareholders over the long term, is to balance risk and return through the cycle.

Processes for identifying, assessing and managing climate-related risks

Identifying climate risks

Climate-related risks are identified and assessed as part of the usual risk identification and management process, including dialogues with risk owners and subject matter experts across the Group, and discussions at the Group's Emerging Risk Forum and the ESG Committee.



These risks are managed similarly to others: identified, monitored, mitigated, and reported upon against tolerance as appropriate.

The emerging risk process on page 27 explains how emerging risks are assessed for potential impact to the business, and the process for establishing mitigating actions and ongoing monitoring. In addition to these conversations, our insurance underwriting guidelines and our processes and controls allow us to identify any risks written outside predetermined criteria.

Climate-related risks specific to the (re)insurance portfolios are identified and assessed as part of the day-to-day underwriting process by individual underwriters in their analysis of specific risk information and, more broadly, in the context of the wider portfolio during the daily UMCC and the fortnightly RRC meetings.

Some examples of risks identified include the assets to be insured, their physical location, weather-related perils that have impacted that location, historical frequency, severity, and expected short- and long-term changes.

The potential impact of all material risks is assessed through:

- the development and monitoring of early warnings or triggers that allows timely consideration of, and adequate response to, material risks;
- the development and regular use of measurement techniques to determine the relative materiality of identified risks at a Group and entity level;
- the identification of risks that are elevated relative to business preference, to enable the prompting of remedial actions where appropriate;
- the development of processes for regular monitoring and updating of risk assessments in response to changes to the internal and external risk environment; and
- the assessment of the adequacy of the internal control framework in aggregate at a risk, entity or Group level.

Risk management methods include:

- transferring part of the risk elsewhere;
- treating or mitigating the risk;
- accepting or tolerating the level of risk;
- eliminating or terminating the risk; or
- revising risk appetite levels or tolerating the breach for a defined period of time.

Underwriting strategy days

The underwriting strategy days for the insurance and reinsurance segments also provide a good platform for reviewing current and anticipated future climate-related risks. Examples of such risks include transition risks arising from a decline in value of assets to be insured, changing energy costs and liability risks that could arise from climate-related litigation. Physical, transition and liability risks are considered by business segment and geographical location, and the expected impact from the risks identified is considered with respect to both magnitude and timescale.

Engaging with stakeholders

We actively engage with our clients to understand their net-zero transition pathways, evaluate new risk solutions, and provide insurance cover for their business needs, including climate risk-related solutions. We will work with our clients through a period of global energy transition to help manage their operational and catastrophe-exposure risks in a controlled and responsible way.

Monitoring and reporting PMLs

The PMLs related to the top perils are monitored and reported monthly to the RRC and quarterly to the Board. These elemental perils are primarily those that are directly influenced by global warming. We monitor our PMLs as a percentage of tangible capital; the chart on page 63 shows this for our 100-year Gulf of Mexico wind net PML at 31 December.

Integration into risk management framework

The Group subscribes to a 'three lines of defence' governance model with respect to the identification, ownership, monitoring and mitigation of risk. Please see page 26.

The management of climate-related risk falls within this same framework, which is fully embedded throughout the Group and includes discussions on climate change as the core agenda item for the ESG Committee. Read more on page 41 and page 53.

Annual review of risk tolerances

All risk tolerances are subject to at least an annual review and consideration by the individual boards of directors. A yearly assessment of risk tolerances enables designing a contrasting but appropriate risk assessment. The Board is actively involved in identifying and considering a balanced risk and reward trade-off as they establish the Risk Profile, Risk Appetite, and Risk Tolerances to be used. The Board considers the capital requirements of the business on at least a quarterly basis. The Group's exposure to natural catastrophe risks is one of the key drivers of the capital held by the Group to support its underwriting activities.

> Climate change may influence the severity and frequency of events that impact policyholders, and Lancashire's quick response to such post-loss situations can, therefore, be seen as a competitive advantage.

Metrics and Targets

We are committed to measuring, tracking and reporting our operational performance against our path to attaining our carbon net-zero ambition in 2050.

We have engaged with ClimatePartner to calculate our corporate carbon footprint through their five-step climate action strategy.

Metrics used to assess climate-related risks and opportunities.

Our risk appetite for underwriting risks is defined as a percentage of capital we are willing to lose in a specific event, and we set a capital loss tolerance for and track the Company's modelled PMLs to weather-related hurricane perils. Our underwriting strategy is based on several factors, (including but not limited to):

- market conditions;
- available capital;
- market opportunities; and
- pricing adequacy

Impact of climate-related risk on the current portfolio

In the Strategy section starting on page 54, we described the work undertaken in 2023 to identify and articulate the financial impacts of climate-related risks. The table below sets out the possible financial impact of physical risk based on our current portfolio. If exposure was to change materially the financial impact could be more significant. However, the longer term impact to the Group should be managed by our ability to reprice contracts if needed and develop new products.

Further detail is also included in the insurance risk disclosures on pages 149 to 153, where we have noted the geographical area of risks insured and the Group's exposure to certain peak zone elemental losses by geography as a percentage of tangible capital over a 100-year and 250-year return period.

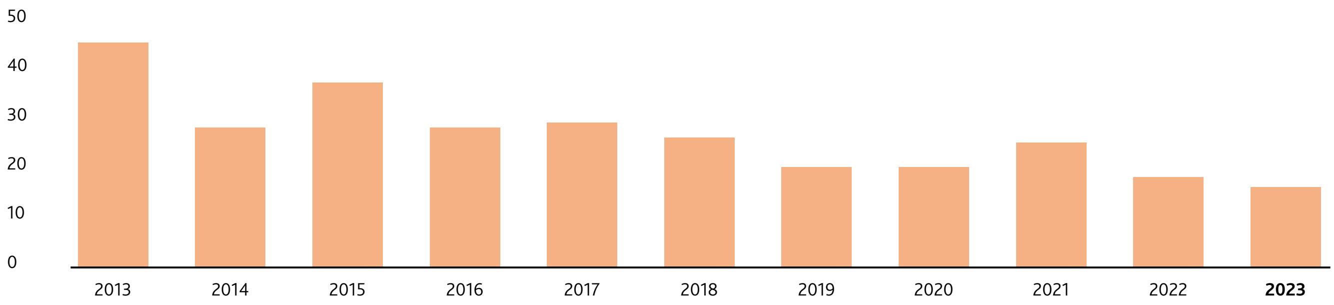
Physical: acute and chronic	Time frame	Magnitude of impact	Potential financial impact Group net PML/ % of capital
Tropical Cyclone			
U.S. Windstorm – Gulf of Mexico	Medium	High	$300.5 million/16.9%
U.S. Windstorm – Non-Gulf of Mexico	Medium	High	$237.9 million/13.4%
Japan Typhoon	Medium	Medium	$134.0 million/7.6%
Extratropical Cyclone			
European Windstorm	Medium – Long	Medium	$161.4 million/9.1%

Mitigation

- Positive feedback loop in pricing models that reflect heightened risks from climate change
- Lancashire adjusts gross risk appetite wherever the risk is viewed as inappropriately priced for the exposure
- Outwards reinsurance is adapted to reflect the changing exposures
- Robust internal controls ensuring PMLs are monitored monthly by the RCC
- Additional secondary perils now modelled
- We continue to develop views on other perils

PML as a percentage of GWP

The chart below illustrates the Gulf of Mexico one in a 100-year event, and how the PML as a percentage of gross written premium has been managed over time.



Our PMLs are derived using stochastic models licensed from third-party vendors. These models include perils such as windstorm, convective storm, wildfire and flood. The View of risk committee assesses the assumptions within the licensed model and, where appropriate, applies loadings to it. Model outputs are regularly challenged at both the macro and specific account levels. The RRC reviews our PMLs and the actual in-force exposure versus tolerance on a monthly basis. The loadings applied to the model are reviewed by the View of Risk Committee periodically to assess their ongoing appropriateness.

Additionally, risk learning can be performed following a large catastrophe event to compare the actual loss versus the modelled loss to assess further the appropriateness of the assumptions and loadings within the model and establish whether further adjustments are required.

Carbon intensity of fixed-income

The IRRC is cognisant of the potential impact transitional risk has on the Group's assets within the investment portfolio. Carbon intensity limits have been added to our fixed-income managers' guidelines. We monitor our fixed-income portfolio's carbon intensity and transition risk. Updates on these metrics, including the investment portfolio's exposure to climate-related risk, for those securities covered, as compared to the MSCI Climate VaR is monitored and reported to the Investment Committee quarterly. The Lancashire Fixed Maturity portfolio has a target preference for the aggregate climate risk measured by Climate VaR by MSCI, at the 1.5°C degrees global warming goal, in line with the Paris Accord, to have a lesser financial impact than the relevant MSCI ESG benchmark.

Most of the investment portfolio at year-end 2023 comprised of fixed maturity securities, making up 83.8%, of which almost half were government-related securities. We had 34.5% allocated to corporate bonds, of which we had a small exposure to climate-related risks. Further insight into the structure of our financial portfolio can be found on page 20.

Scope 1, 2, and 3 GHG emissions

Measuring and offsetting

The Group is committed to managing the environmental impact of its business. We measure our carbon footprint to minimise its negative impact through mitigation strategies and offsetting 100% of our greenhouse gas (GHG) emissions from our own operations to remain carbon neutral.

The ClimatePartner certification program provides insight into the effectiveness of our efforts to make progress on our 2050 net-zero ambition. Our approach to reporting GHG emissions is to be transparent, aiming to continually refine our processes to reflect relevant standards, methodologies, and, where appropriate, best practices.

During 2022, we instructed ClimatePartner to calculate and facilitate offsetting our carbon emissions; a report on the metrics collected can be found on page 68.

CDP submission

The Group CRO and the Board oversee the Company's annual submission to the CDP (previously known as the 'Carbon Disclosure Project') and note that the information which is requested as part of that reporting process is aligned with the recommendations of the TCFD.

Digital capabilities

With global operations in London, Bermuda, Australia, and recently in the U.S., as well as clients and brokers around the world, the Lancashire Group has incurred the bulk of its carbon footprint from business travel. Timely communication and knowledge sharing are critical to our operation for employees to perform their jobs effectively. We have adopted several digital solutions in our offices to reduce inter-office travel and facilitate remote work and virtual collaborations. All our offices have video and telephone conferencing capabilities at all individual workstations and meeting rooms. As travel restrictions started to lift in 2022, in-person conferences and events recommenced, which saw an uptick in travel when it was considered safe for our employees. Following the global pandemic, travel levels during 2023 are back to what we consider normal and necessary for our business to maintain good relationships with our clients and stakeholders.

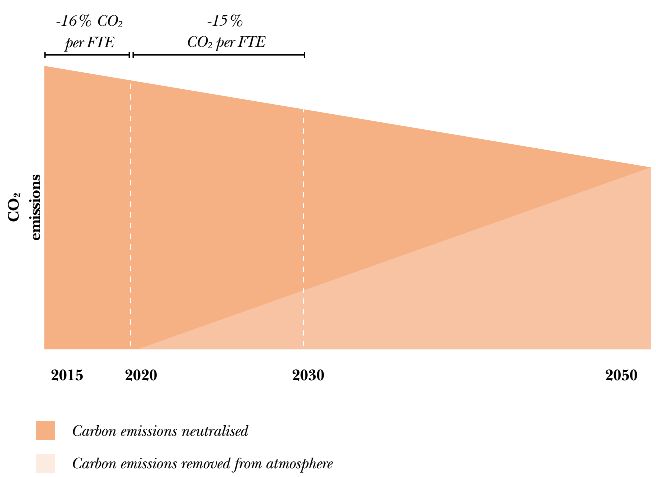
Targets used to manage climate-related risks and opportunities

Net zero in 2050 objective

In 2021, the Group expressed its objective to meeting the UK Government's net-zero target by 2050. Our baseline year, 2015, was selected because it was the first full year in our London office at 20 Fenchurch Street, an energy-efficient building with a BREEAM "Excellent" rating.

The following diagram shows our path to carbon net-zero in 2050, illustrating the planned downward trajectory of our emissions per FTE and the intended increase in offsetting projects that remove carbon from the atmosphere.

Lancashire's path to carbon net-zero in 2050



In terms of the Group's own emissions targets and the Group's business travel emissions, we have travel policies in place to reduce our impact on the environment whilst balancing the needs of our employees and Directors. For instance, our policy is not to ordinarily book a business class airline ticket if the flight is less than five hours long.

Offsetting emissions

The Group commits to continue to offset 100% of Scope 1 and 2 emissions and 100% of the Scope 3 emissions pertaining to our operations, which we are able to accurately calculate and exercise sufficient control over at this time. These include business travel, waste generated in operations, our employees' commuting, and fuel and energy-related activities not included within Scope 1 or Scope 2. As a financial services company, we consider some emissions categories to be either not applicable to our operations or that we have minimal operational control over them. We are working with a specialist third party and alongside others in the industry to understand how to accurately calculate and track emissions within the unreported categories where applicable.

Going forward

The Group will continue to benefit from the 100% renewable electrical energy from our 20 Fenchurch Street London office location, a BREEAM "Excellent" rated building. As the Group continues to search for innovative ways to reduce our own emissions, we will continue to challenge the status quo and propose ideas for consideration outside of those related to business travel. We are always looking at ways to reduce paper usage further, reduce water waste, improve recycling, and eliminate single-use plastics. A list of the full metrics can be found in the GHG disclosure section on pages 69 and 70.

For the Group's investments, we continue to have a target of managing the impacts of our fixed maturity portfolio by reference to a Climate VaR appetite statement, as discussed in the risk management section.

For our underwriting exposure, Lancashire limits its tangible capital at risk by referencing a series of PML loss exposure scenarios, including climate-related loss scenarios. PMLs are regularly monitored and reported to the Board every quarter and reflect real-time changes in the Group's underwriting portfolio. The Group's stated tolerance is to expose not more than 25% of its tangible capital by reference to any one of its principal PMLs. More information on the reported outcomes of this process can be found in the Financial Statements section under Risk disclosures, see page 150; it further shows the details of the Group's principal PMLs, including those related to catastrophic weather loss events linked to climate change risk.

Delivering responsibly

We understand that we have an obligation to ensure we operate in a responsible, respectful and sustainable way. Central to this is maintaining high standards of business supported by appropriate policies, controls and oversight.

We aim to be a good corporate citizen and a responsible preserver of resources. To that end, the Group operates in line with all relevant regulatory and legal requirements, giving particular regard to the environmental, social and governance regulations of the BMA, PRA, FRC, FCA, Lloyd's, UNEP-FI, TCFD, Mandatory Greenhouse Gas Emissions reporting/Streamlined Energy and Carbon Reporting (SECR), and Home Office (Modern Slavery Statement Registry).

Our stakeholder responsibilities

Our policyholders	Our people	Society and the environment	Brokers	Regulators	Suppliers	Our shareholders and investors

A responsible approach to protect and support

Policy / area	Our approach	Stakeholder impact	Board oversight
Health and safety	We are less exposed to major incidents due to our operations being based in an office environment. However, to ensure our people and visitors are supported and protected we regularly consult with employees on health and safety issues. We maintain risk assessments for tasks carried out by employees where potential danger has been identified. Business Continuity, Disaster Recovery, and Fire Safety training, is mandatory for all employees. Our full Health and Safety Policy is communicated to employees on joining and is available on the intranet.	Our people Brokers Regulators Our shareholders and investors Society and the environment	Yes
Whistleblowing	Each Group entity has a designated whistleblowing champion, a Non-Executive Director, who can be contacted if employees would prefer to raise concerns with them. We encourage people to report any activity that may constitute a violation of laws, regulation or internal policy, and reporting channels are provided to staff for this purpose within a whistleblowing policy available on the Group intranet.	Our people Regulators Our shareholders and investors	Yes
Data protection and privacy	As part of our day-to-day operations, the Group collects and uses information about its employees, policyholders, shareholders and others. Information, however it is collected, recorded and used, must be handled and dealt with correctly and in line with our data protection policies. The Audit Committee of the Board has overall responsibility for data protection and privacy and receives a quarterly report for review. The Group fully endorses and adheres to the principles of data protection as set out in the relevant UK data protection legislation. All employees are expected to familiarise themselves and comply with the regulations.	Our policyholders Our people Brokers Regulators Suppliers Our shareholders and investors	Yes

Policy / area	Our approach	Stakeholder impact	Board oversight
Information security	During 2023, we developed enhanced Information Security and Acceptable Usage Policies. These policies provide good practice security principles presented in easily accessible terms and designed to keep employees, the Company, and its information safe.	Our people Regulators Our suppliers Our shareholders and investors	Yes
Cyber incident response	Lancashire is aware of the risks from cyber security incidents and has a number of technologies, processes and procedures in place to mitigate and respond to any issues that may arise. These include 'table-top' exercises to stress test our plans, which are attended by colleagues from appropriate functions across the Group.	Our policyholders Our people Brokers Regulators Suppliers Our shareholders and investors	Yes
Anti-slavery and human trafficking	We are proud of the conditions of employment for all our employees throughout the Lancashire Group. We consider that there is minimal risk that, within either the Lancashire Group or the very limited supply chains which support our business activities, the Lancashire Group is involved in, supportive of, or complicit in slavery and human trafficking. The Group's Anti-Slavery and Human Trafficking Statement is available on our website.	Our policyholders Our people Society Brokers Regulators Suppliers Our shareholders and investors	Yes
Anti-Money Laundering, Bribery and Financial Crime Policy	The Group has appropriate procedures to prevent and/or report incidents of money laundering, bribery and other forms of financial crime. A training programme is active to ensure a widespread understanding of our policies. All Group employees are required to report to their local Money Laundering Reporting Officer any potentially suspicious activity. A report is received by the Audit Committee of the Board on a quarterly basis.	Our policyholders Our people Regulators Our shareholders and investors	Yes
Procurement	Lancashire engaged with a strategic IT vendor (SCC) in 2023 to establish recycling services for technology assets (e.g. mobile phones, laptops, servers, etc.) that are no longer required. This partnership enables Lancashire and SCC to securely and environmentally process items that are refurbished, remarketed or recycled.	Suppliers Society	
Sanctions	Lancashire looks to ensure compliance with all applicable sanctions legislation in the jurisdictions in which the Group operates. These include the sanctions regimes of the United Nations, United Kingdom, Bermuda, United States and European Union. The processes and systems are documented and approved annually by the LHL and relevant subsidiary boards. Quarterly reports are provided to LHL and subsidiary boards to confirm whether there have been any breaches, or not, during the period.	Our policyholders Society Brokers Regulators	Yes
Share dealing	The Group's Share Dealing Code places restrictions on the trading of LHL's securities for employee shareholders and, along with the Group's Disclosure Policy, restricts the disclosure of any confidential information.	Regulators Our shareholders and investors Our people	

Understanding the role we play

A culture of responsibility

We understand that successfully operating a modern business comes with increased responsibility.

We embed our values across our operations including showing appropriate leadership and acting as a good corporate citizen and a responsible preserver of resources.

Our regulators, rating agencies and lenders

The Group has an active programme of engagement with the relevant regulatory bodies which provide the Group with supervision and oversight.

This includes meetings, regular reporting or engaging with routine regulatory reviews. The Board and management monitors changes in regulatory and supervisory requirements closely.

Lancashire and its insurance subsidiaries are assessed for financial strength and creditworthiness by three major rating agencies: A.M. Best, S&P and Moody's. We engage with each regularly to discuss financial performance and when significant events occur, such as loss events.

We underwrite business successfully in all major regulated global (re)insurance markets and purchase reinsurance coverage as part of our capital management and regulatory compliance. We operate in compliance with our credit facilities, which support underwriting obligations.

Additionally, the syndicates benefit from Lloyd's current ratings, resources, brand and network of global licences.

The Group requires the flexibility to execute its strategy and react to economic conditions, and values its strong relationships with its lenders.

Tax authorities

The Group maintains proactive relationships with relevant tax authorities in order to comply with all its tax obligations. This requires us to keep abreast of developments in tax legislation and to work with the tax authorities to manage our tax risk.

Collaboration with third parties

During the course of our business operations, Lancashire utilises a number of third-party suppliers. These providers complement our in-house skills and we recognise the importance of these partnerships and that success comes through openness and collaboration.

We strive to receive assurance that employers within the ancillary services and limited supply chains used by the Group pay a Living Wage.

Payments to service providers are made in accordance with the individual payment terms agreed. The Group's UK subsidiary, LUK, complies with its statutory reporting duty for payment practices and performance in relation to qualifying contracts on a half-yearly basis.

Lancashire has its own responsibilities to those within its limited supply chain. Any concerns arising over the ethical practices and human rights records of insureds and potential clients would be considered as part of the underwriting process.

GHG reporting

Environmental impact and offsetting

The Group is committed to both understanding and managing the environmental impact of its business operations and has engaged ClimatePartner to calculate its corporate carbon footprint (CCF), for the 2023 reporting year. The CCF reflects the total CO_2 emissions released by the Company's own business operations, within defined system boundaries and for a specified period of time, with the calculations based on the guidelines of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol).

> We are committed to measuring our carbon footprint for our own operations annually, to minimise its negative impact through mitigation strategies, and to offsetting at least 100% of our calculated GHG emissions.

Historically, the Group has achieved its carbon-neutral status for its own operations through the purchase of carbon credits, predominantly in carbon avoidance programmes, which assist in the creation and/or maintenance of systems and technologies that replace carbon intensive processes.

In 2021, for the first time, the Group offset 15% of its emissions via a carbon sequestration project, which aims to actively remove carbon from the atmosphere, with the remainder of our carbon credits procured via carbon avoidance projects.

We followed the same approach for 2022, but have increased the allocation to carbon sequestration projects for 2023. This year we have procured 20% of our carbon credits via a carbon sequestration project with the remaining 80% offset in a carbon avoidance programme. We report the emissions data for the Group in the table on page 69.

GHG overview and methodology

Our GHG inventory is used as a tool for meeting the Group's carbon reduction goal, understanding our energy consumption, identifying ways to reduce our footprint, understanding energy and emission trends, and improving our methodology in data collection.

Emissions data was calculated using the Company's consumption data and various emission factors researched by ClimatePartner. Wherever possible, primary data was used. If primary data was not available, secondary data from highly credible sources was used, with emission factors taken from scientifically recognised databases such as 'Ecoinvent' and DEFRA.

Operational boundaries

Lancashire used an operational control approach to assess its boundaries and identify all the activities and facilities for which it is responsible. Per the ISO 14064-1 guidance, operational control is defined when an organisation has control over its operation, and they have full authority to introduce and implement its operating policies at the operational level. We have reported 100% of our Scope 1 and Scope 2 CCF, along with areas of our Scope 3 CCF with high levels of operational control.

Employee commuting

For the last two years, the Group has reported emissions associated with its employees' commuting and home working within its Scope 3 emissions. For this reporting period, a more detailed survey regarding our employees' commuting habits was undertaken, which was completed by over 40% of employees globally. This change led to a significant improvement in both the volume and quality of data collected, with a subsequent reduction of estimated data employed by our consultant in these CCF calculations. As a result of this improved data quality, we note a reduction in our employee commuting emissions of 67.6%, from 515.8 tCO_2e in 2021-2022 to 166.9 tCO_2e, in this 2022-2023 reporting period.

International operation footprint

With active commercial operations in four countries, along with clients and brokers around the globe, the Group has typically incurred the bulk of its carbon footprint within Scope 3 due to airline travel. Historically, these emissions were calculated based upon all the flights booked within the reporting period. For the past two years, in order to improve the accuracy of our reporting, we have changed the methodology to only include the flights that were taken within the period.

Our offices

Our London office is already well optimised, as 20 Fenchurch Street has a BREEAM 'excellent' certified performance rating. The building sources 100% renewable electricity on a tariff that is backed up by associated Renewable Energy Guarantees of Origin (REGOs), with an appropriate residual grid factor applied for our operations in Bermuda and Australia. Representatives from the London office have engaged with the building management's 'Green Building' meetings and the property's energy-saving initiatives. We continue to work with the respective building management teams in both Bermuda and Australia, in order to participate in any applicable initiatives for the business, in each location.

FTE as intensity metric

Lancashire uses tCO_2e per full time employee (FTEs) as its intensity metric in its CCF. As the company grows, the FTEs count has increased year-on-year, with significant recruitment in 2023. Although there has been a small increase in total emissions, emissions per FTE have decreased in this reporting period. The progress against our 2030 target table on page 70 depicts the Group's CCF for the current and prior reporting period, noting the change in the reporting period and the emissions broken down by source.

Streamlined energy and carbon reporting disclosure – 1 July 2022 to 30 June 2023

	Current 2023 reporting year (market-based) 1 July 2022 to 30 June 2023		Previous 2022 reporting year (market-based) 1 July 2021 to 30 June 2022	
	UK & Offshore	UK Only	UK & Offshore	UK Only
Emissions from the combustion of fuel or the operation of any facility including fugitive emissions from refrigerants use / tCO_2e	**101.6**	**92.1**	154.1	150.5
Emissions resulting from the purchase of electricity, heat, steam or cooling by the company for its own use / tCO_2e	**280.6**	**–**	265.1	–
Gross emissions (Scope 1,2) / tCO_2e	**382.2**	**92.1**	419.2	150.5
Energy consumption used to calculate above emissions /kWh	**1,320,545.0**	**944,270.0**	2,004,830.0	1,366,540.0
Total gross emissions (Scope 1, 2, 3) / tCO_2e	**2,642.8**		2,407.7	
tCO_2e per FTE	**7.3**		7.8	

We have purchased a total of 2,907 carbon credits, to support our continued carbon-neutral status.

Fully offset own emissions

The Group has fully offset its calculated GHG market-based emissions for 1 July 2022 to 30 June 2023 with ClimatePartner, by purchasing verified credits in both carbon avoidance and carbon sequestration programmes. A safety margin of 10% was applied to the total carbon footprint incurred, to compensate for uncertainties in the underlying data that naturally arise from using database values, assumptions, or estimates.

Carbon credit breakdown

80% carbon avoidance	renewable energy projects in Asia
20% carbon sequestration	renewable energy in Chile and tree planting in the UK

These offsetting proposals were discussed and agreed with the Group CEO.

Encourage and support employees

The Board will continue to monitor the Group's emissions from its own operations and be mindful of the Group's strategic and business operational requirements. We encourage the use of public transport, walking and cycling to commute to our places of work. As a result of the employee commuting surveys completed in 2022 and 2023, we note that the majority of our employees commute to their place of work via public transport. We continue to provide incentives for our London office employees to support this with a season ticket loan scheme as well as assistance in purchasing bicycles, with all of our offices having designated storage.

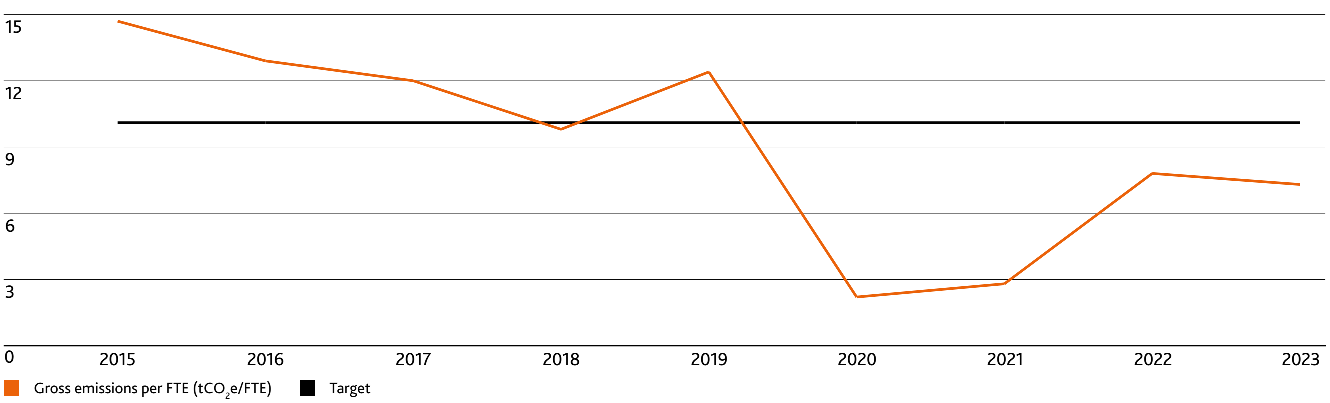
Types of emissions	Activity	1 July 2022 – 30 June 2023	1 July 2021 – 30 June 2022
Scope 1	Heat (self-generated)	**77.2**	135.6
Direct emissions from Company facilities	Refrigerant leakage	**24.4**	18.5
Scope 2			
Purchased electricity for own use	Electricity (stationary)	**280.6**	265.1
Scope 3	Business travel (flights, hotel nights, vehicles, and rail)	**2,006.4**	1,348.0
	Employee commuting and home office	**166.9**	515.8
	Fuel- and energy-related activities (upstream emissions for electricity and heat)	**79.1**	116.0
	Purchased goods and services (office paper and water)	**6.9**	7.0
	Waste generated in operations	**1.3**	1.7
Gross emissions (tCO_2e) (market-based)		**2,642.8**	2,407.7
Gross emissions per FTE (tCO_2e/FTE)		**7.3**	7.8
Carbon credits		**2,907.0**	2,648.5
Total net emissions after offset (tCO_2e)		**–**	–

Please note: all numbers quoted have been rounded to one decimal place.

Upstream fuel- and energy-related activities include Well-to-Tank and Transmission & Distribution emissions. These are emissions associated with the upstream processes of extracting, refining and transporting raw fuel and the emissions associated with the electrical energy lost during transmission to our business.

Progress against our 2030 target

The following diagram shows the change in the Group's emissions per FTE from the baseline year of 2015 against our current target of a further reduction in emissions per FTE of 15% by 2030.



Delivering as a responsible business

"Strong corporate governance is central to Lancashire's long-term success."

Peter Clarke
Non-Executive Chair

Section 172 – Delivering responsibly for stakeholders

We engage with a range of stakeholders through the course of our operations. We value those relationships and aim to create a healthy and sustainable corporate culture that delivers on their expectations.

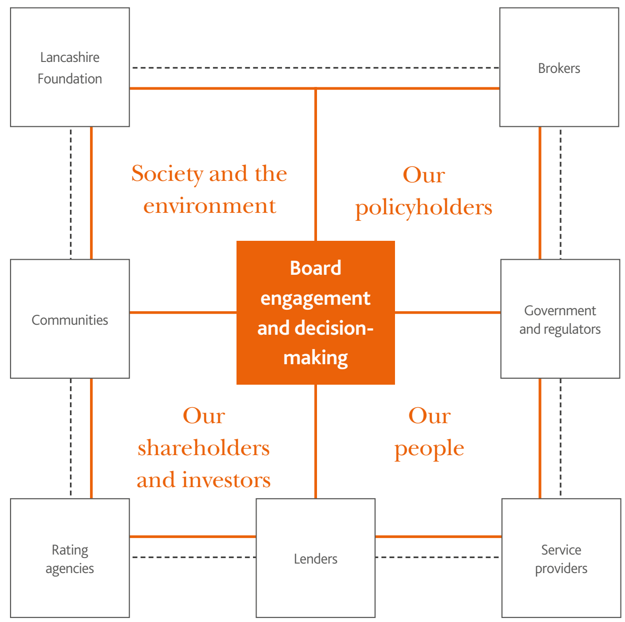
Our people
We aim to attract and retain the best talent across our underwriting and support functions. Our positive and distinctive culture is supported by our values which guide the way that we operate. We ask our people to tell us their opinions on their experience with the Group through our annual employee survey and value and act on their feedback. We believe in offering the best possible working environment for employees and, during 2023, we enhanced our London office space and facilities. The Group is committed to providing a range of policies that protect and support colleagues in their day-to-day work and more widely. When attracting new employees to the business, we value diversity, equity and inclusion and train our hiring managers to ensure all candidates are treated fairly.

Our policyholders
We have long-standing relationships with many policyholders and use our diverse product offering to foster effective partnerships with new clients. Our policyholders are at the centre of everything we do, and we strive for excellence in all our activities on their behalf.

Our experienced teams include our claims specialists, who have specific and detailed knowledge of our diverse product lines and are focused on ensuring a timely and equitable claim resolution for our clients. We aim to adopt an approach to the claims handling process, which is proactive and efficient, as well as transparent and flexible, while acting in accordance with the terms and conditions of the (re)insurance policy provided. This enables our clients to recover from the impact of loss events as soon as practicable. We also operate in a highly-regulated market, seeking to engage constructively with the Group's regulators. This regulation helps reinforce management's focus on maintaining an open culture, good risk management and a strong capital base.

Brokers
Lancashire strives to be a trusted partner to brokers distributing (re) insurance solutions to our policyholders and, since inception, we have built strong relationships with large international firms and smaller independent intermediaries. Our expert understanding of risk management and transfer adds value to our discussions with broker partners and we actively look for new ways to further strengthen and enhance our relationships. Our underwriters attend a number of industry events and conferences each year where they are able to discuss our products and appetite for various types of business with broker representatives. During 2023, these included events in Monte Carlo, Baden-Baden, and Singapore. Our marketing activities through corporate social media, our Company website and hosting face-to-face events with brokers also encourages a good understanding of our business and priorities. A new reception area and visitor suite was also opened at our London office in 2023 to create a professional and comfortable space for guests.

Our universe of stakeholders



Our shareholders and investors
As a premium-listed company on the LSE we pride ourselves on our mutually beneficial relationships with our shareholders and those entities which lend to the Group. We maintain open and transparent communication channels with them and work hard to foster good relations through our active programme of engagement. Our relationship with our shareholders is led by our Group Head of Investor Relations, in collaboration with members of the Board and the wider Executive team. This includes an Investor Day which was most recently held in London in November 2023, which included presentations from our senior leaders on our strategy, capital management, claims and reserving and our Lloyd's syndicates. These presentations are followed by a questions and answers session. The Group's corporate brokers provide guidance on investor priorities and perception and meet regularly with the Board. We maintain a regular and open dialogue with the Group's main ratings agencies.

Society and the environment
Lancashire measures and offsets carbon emissions for our own operations and seeks to be a responsible underwriter and investor. We align our activities to the global transition to net-zero. Within underwriting, we continue to support our clients as they transition and reduce GHG emissions and through active engagement with them with regard to our ESG Underwriting Guidelines. The Lancashire Foundation makes a tangible difference to communities across our markets and beyond, through charitable donations and utilising the talent and energy of our people for good.

Responsible Board decision making

The Code requires formal disclosure around the interests of and engagement with stakeholders, and the duties falling upon boards under Section 172 of the UK Companies Act 2006. Although the Company is incorporated in Bermuda and is therefore not subject to the UK Companies Act requirements, the Board continues to pay close attention to developments in English law and governance best practice.

In this 2023 Annual Report and Accounts, we give an overview of how both the Board and the business have factored in the needs of our stakeholders in their discussions and decision making in all areas of performance review, strategy, risk and capital management. To that end, this section should be considered together with the rest of this report as the Company's comprehensive summary of its Directors' compliance with their equivalent Section 172 duties.

Section 172 responsibilities in focus

Capital return to shareholders

Criteria considered (See table)

Relevant stakeholders

Our shareholders
Our people
Our policyholders and brokers
Government and regulators

a b c e f

Due to the robust capital position of the Group, arising from the strong operational performance of the business during 2023, the Board approved a special dividend of $0.50 per common share, which was paid to shareholders on 15 December 2023. Additionally, the Board approved expenditure of up to $50 million to repurchase Lancashire's shares. No shares were repurchased under the programme. Including the final and interim dividends paid during 2023 the total dividend to shareholders during the year amounted to $0.65 per common share. In taking these capital deployment decisions, the Board considered the capital requirements for the business to support its underwriting and wider business plans for 2024. The Board also discussed requirements for capital held in light of the Group's regulatory capital requirements and with regard to the market credit rating agency models. The Board concluded that Lancashire's performance and diversification strategy over recent years has both improved its capital efficiency and strengthened its overall capital position. The Board also actively considered the needs of the Group's policyholders as a key part of capital planning. The Company's financial security and balance sheet strength is a key part of its offering to its (re)insured policyholders. Additionally, the Board noted that employees who are members of the RSS were eligible to share in the company's strong performance through the special dividend.

Board succession planning

Criteria considered (See table)

Relevant stakeholders

Our policyholders and brokers
Government and regulators
Our shareholders
Our people
Society
Environment

a b c d e f

During 2023, two new appointments to the Board were approved. In November, Philip Broadley was appointed as a Non-Executive Director and as the LHL Chair designate. His appointment as Chair is expected to take effect immediately following Lancashire's 2024 AGM, subject to shareholder approval. The search for a Chair successor was led by Robert Lusardi, Lancashire's Senior Independent Director, who assumed the role of Chair for all relevant Board and Committee discussions. The appointment process was conducted through Lancashire's Nomination, Corporate Governance and Sustainability Committee and approved by the LHL Board. In April, Bryan Joseph was also appointed as a Non-Executive Director and a member of both the Audit and Underwriting and Underwriting Risk Committees. Philip and Bryan bring significant additional expertise to the Board to help us deliver on our strategic ambitions.

Growth in premiums written and geographic expansion

Criteria considered (See table)

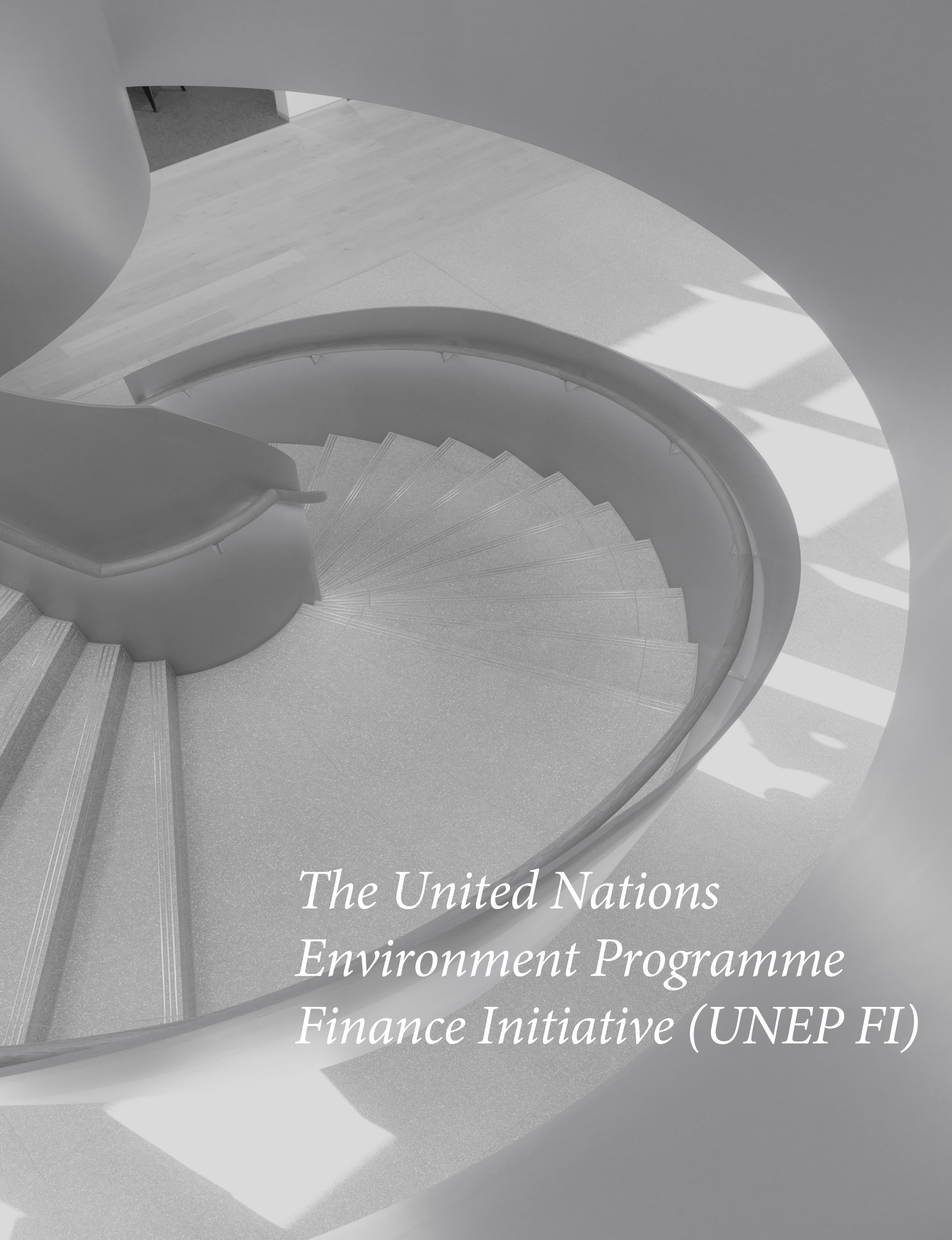
Relevant stakeholders

Our policyholders and brokers
Government and regulators
Our shareholders
Our people
Society
Environment

a b c d e f

Lancashire continued to grow premiums written in 2023 with an increase of 16.9%. This growth included business written in both existing and newer lines of business. The Board discusses the growth strategy of the business at its quarterly meetings and meets with senior underwriters to understand current market dynamics, risks and opportunities. Additionally, all Board members attend the quarterly UURC. During 2023 the Board also considered and approved the expansion of the business through the launch of Lancashire Insurance U.S. Lancashire Insurance U.S. will operate under a delegated underwriting arrangement with Lancashire's UK company platform and is expected to begin underwriting in early 2024. The U.S. operation will be complementary to our existing capabilities. This growth strengthens the policy offering to our clients and further enhances the societal benefits of the risk management (re)insurance products we offer, delivers opportunity for our people, and generates returns for our investors. It is implemented with due regard to legal and regulatory requirements and close consideration of the capital demands of our business.

Section 172(1):	Duty to promote the success of the company, with regard to:	For further details, see:
a	The likely consequences of any decision in the long term;	The Group's statement of purpose – page 9 The Group's business model – page 9 The Group's strategic goal and three priorities: that Underwriting comes first; balancing risk and return through the cycle; operating as an insurance market employer of choice – pages 10 and 11 Embedding a sustainable culture for a profitable business – page 41 The Board's assessment of the Group's viability and prospects as set out in the going concern and viability statement – page 120
b	The interests of the company's employees;	The importance of our people, and the business's focus on Lancashire's values, culture, diversity & inclusion, training and development and workforce engagement – page 33
c	The need to foster the company's business relationships with suppliers, customers and others;	Our business depends upon the strong business relationships that we build and maintain with our core and broader stakeholders. All Board members attend the quarterly UURC and, during 2023, gave close consideration to business development opportunities as summarised in the Committee's report – page 96
d	The impact of the company's operations on the community and the environment;	Society and the environment form part of our 'core' set of stakeholders. The Board is engaged with the impact of the Company's operations through its oversight of the Lancashire Foundation, the Group's submission to the CDP, the annual offsetting of our own operations' GHG emissions, and our commitments to report against the UNEP FI Principles for Sustainable Insurance (see our website for details) and address the requirements of the TCFD – page 49 to 64.
e	The desirability of the company maintaining a reputation for high standards of business conduct; and	Through its compliance with the Code, the Company strives to operate in line with high standards of governance expectation and business conduct. A healthy and sustainable corporate culture is embedded throughout the business, which is assessed by the Board through various channels – page 92 The Audit Committee oversees the Group's implementation of whistleblowing arrangements, and other systems and controls for the prevention of fraud, bribery and money laundering – page 88
f	The need to act fairly as between members of the company.	The Board is committed to treating the Company's shareholders fairly, and engaging with them through a broad programme of investor relations activities, meetings (including the AGM), and targeted consultations; be that with our substantial shareholders, the Company's own employees, private individuals, or via shareholder advisory groups. See 'Section 172 responsibilities in focus', regarding the Board's consideration of the balance between underwriting opportunities and the payment of dividends – page 81



The United Nations Environment Programme Finance Initiative (UNEP FI)

The United Nations Environment Programme Finance Initiative (UNEP FI)

Principles for Sustainable Insurance

The UNEP FI Principles for Sustainable Insurance are a global framework for the insurance industry to address ESG risks and opportunities. Their aim is to better understand, prevent and reduce environmental, social and governance risks, whilst enhancing opportunities for effective risk protection and reporting.

We have reported against the Principles since 2019 and set out below how we have continued to apply the Principles during 2023. The relevant activities of both the Lancashire Board and business are set out in the 2023 Annual Report and Accounts and the detail can be found via the page references detailed below.

Principle 1

We will embed in our decision making environmental, social and governance issues relevant to our insurance business.

COMPANY STRATEGY

We embed ESG issues within our Board and management's strategic and business planning processes to foster a robust, purposeful, sustainable and profitable culture within a responsible governance framework. The business is led by a strong management team who are accountable to an independent, diverse and effective Board and Committee structure. During 2023, the Lancashire ESG Committee, which includes senior representatives from across the business, continued to work to align our Group-wide consideration of sustainability and governance matters. They analyse a range of topics and make recommendations to both senior management and ultimately the Board.

For more information please see:

- Purpose statement (page 9)
- Lancashire values (inside cover)
- Underwriting review (pages 14 to 19)
- ESG strategy and progress (page 43)
- TCFD report (pages 49 to 64)
- Section 172 – Delivering responsibly for stakeholders (pages 80 to 82)
- Corporate governance report (pages 76 to 79)

Our principal strategic purpose is to deliver bespoke risk solutions that protect our clients and support economies, businesses and communities in the face of uncertain loss events, including those influenced by the effects of climate change. During 2023, the Group has continued to take steps to implement the recommendations of the TCFD. The Group has targets both to reduce the emissions arising from its own operations per FTE by 15% by 2030, and to be net-zero by 2050. We are committed to continuing to monitor and offset 100% of the Group's carbon emissions from its own operations during this transition. We will also continue to develop greater formality around the understanding of the impacts of climate change risk and the implementation of appropriate governance frameworks for climate change management. We formally monitor our climate exposures and build this into our risk management and strategic planning, as both a risk and an opportunity for the business.

- Purpose statement (page 9)
- Underwriting review (pages 14 to 19)
- Enterprise Risk Management and principal risks (pages 23 to 31)
- Chair's introduction to sustainability section (pages 41 and 42)
- TCFD report (pages 49 to 64)
- Operating responsibly (pages 65 to 70)
- Investment Committee report (pages 96 to 98)

Management and the Board actively support the work of the Lancashire Foundation, which promotes engagement of our staff with a range of charitable and social projects. Donations, totalling $23 million since the establishment of the Foundation, have been given to longstanding charitable partners in recognition of their phenomenal work assisting those affected by natural disasters, as well as to other charities nominated and supported by our employees.

- Chair's statement (pages 4 and 5)
- Chair's introduction to sustainability section (pages 41 and 42)
- The Lancashire Foundation (pages 45 to 48)

We value our people and the strategic benefits of a healthy business culture. Our management team and Board promote an active programme of engagement and we operate a robust, yet flexible, programme of staff training and opportunities for career development. We offer attractive remuneration and employee benefits packages and have a planned approach to succession, staff retention and employee satisfaction.

- Chair's statement (pages 4 and 5)
- Group Chief Executive's review (pages 6 and 7)
- Financial review (pages 12 and 13)
- Underwriting review (pages 14 to 19)

- People and Culture (pages 33 to 39)

There is regular engagement with our shareholders and other stakeholders by management, the Board and the business, touching upon a range of strategic and business issues, including the Group's approach to a range of ESG matters.

- Purpose statement (page 9)
- Business model and Strategy (pages 9, 10 and11)
- Chair's introduction to sustainability section (pages 41 and 42)
- ESG Strategy and progress (page 43)
- People and culture (pages 33 to 39)
- TCFD report (pages 49 to 64)
- Section 172 – Delivering responsibly for stakeholders (pages 80 to 82)
- Corporate governance report (pages 76 to 79)
- Investment Committee report (pages 96 and 98)

RISK MANAGEMENT AND UNDERWRITING

There is a strong culture of underwriting discipline and risk management within the Group, which values professionalism and embeds risk monitoring and control processes in our underwriting activities. Environmental risk exposures, including assumptions related to climate change, are embedded into our risk management, capital management and underwriting processes.

For more information please see:

- Chair's statement (pages 4 and 5)
- Group Chief Executive's review (pages 6 and 7
- Underwriting review (pages 14 to 19)
- Enterprise risk management and principal risks (pages 23 to 31)
- Chair's introduction to sustainability (pages 41 and 42)
- TCFD report (pages 49 to 64)
- Risk disclosures (pages 148 to 166)

Management and the Board agree and monitor performance against formal risk tolerances, in particular with regard to the Group's exposures to natural catastrophe loss events, including weather events impacted by climate change.

- Enterprise risk management and principal risks (pages 23 to 31)
- TCFD report (pages 49 to 64)
- Risk disclosures – peak zone elemental loss exposures (page 150)

PRODUCT AND SERVICE DEVELOPMENT

Our (re)insurance products and services help our clients manage the threats they face from climate catastrophe risks and other unpredictable perils, contributing towards the resilience of businesses and communities faced with the threat of climate and other natural catastrophes.

For more information please see:

- Purpose statement (page 9)
- Chair's statement (pages 4 and 5)
- Group Chief Executive's review (page 6 and 7)
- Underwriting review (pages 14 to 19)

The Board and management foster a nimble underwriting and business culture to respond to the risk requirements of clients in a changing world. Included within the Group's energy underwriting business is an established portfolio of renewable energy products and clients. In 2023, the Group continued to implement ESG and climate-related insurance underwriting guidelines.

- Lancashire values (inside cover)
- Chair's Statement (pages 4 and 5)
- Group Chief Executive's review (pages 6 and 7)
- Underwriting review (pages 14 to 19)
- TCFD report (pages 49 to 64)
- Underwriting Committee report (pages 96 and 98)

CLAIMS MANAGEMENT

Our experienced team of claims specialists is well-equipped with specific knowledge of our diverse product lines. We have high levels of expertise that allow us to effectively manage and thoroughly investigate any loss our clients may sustain. Our goal is to ensure timely and equitable claims resolution for our clients.

For more information please see:

- Business model – Our policyholders (page 9)
- Business review – Net claims (page 19)
- TCFD report (pages 49 to 64)

SALES AND MARKETING

We are fully committed to supporting a 'broker market' and to maintaining a strong working relationship with the largest global broking firms, as well as with independent brokers, who distribute our products. We seek to engage with our clients and their brokers to provide relevant and targeted risk solutions based on a sustainable strategy and business model.

For more information please see:

- Purpose statement (page 9)
- Section 172 – Delivering responsibly for stakeholders (page 80 to 82)

INVESTMENT MANAGEMENT

We actively manage our climate change transitional risk, with sensitivity to, and promotion of, ESG responsible investment. Our principal investment managers are signatories to the world's leading proponent of responsible investment, the UN-supported 'Principles for Responsible Investment'. The Group uses proprietary industry benchmark tools to formally monitor the sensitivity of its investment portfolio for value at risk due to the impacts of different carbon transition scenarios and for the carbon intensity of assets, in order to develop a better understanding of the resilience of the portfolio to carbon transition risk.

For more information please see:

- Principal risks – investment and liquidity (page 29)
- TCFD report (pages 49 to 64)
- Investment Committee report (pages 94 and 95)

Principle 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

CLIENTS AND SUPPLIERS

We engage constructively with our clients, brokers and other suppliers to address environmental, social and governance issues relevant to the operation of our business and to address our clients' needs for risk management solutions across a range of specialty and property lines.

For more information please see:

- Purpose statement (page 9)
- TCFD report (pages 49 to 64)
- Operating Responsibly (Pages 65 to 70)
- Section 172 – Delivering responsibly for stakeholders (pages 80 to 82)

INSURERS, REINSURERS AND INTERMEDIARIES

We engage with industry bodies to develop and promote awareness of market issues (including environmental factors). In 2022 we joined the ClimateWise organisation. Through our membership we collaborate with others and better support our clients in their journey to transition away from carbon-based forms of energy.

For more information please see:

- Chair's introduction to sustainability (pages 41 and 42)
- TCFD report (pages 49 to 64)

Principle 3

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

GOVERNMENTS, REGULATORS AND OTHER POLICYMAKERS

Our Board and business operate constructively within a highly regulated insurance and financial services environment in the UK and Bermuda, as well as internationally. Throughout the year, our Bermuda and UK entities have engaged with their respective national regulators in relation to all relevant matters, including the management of climate change risk and the TCFD's requirements. As a listed company, LHL systematically monitors, records and reports its compliance with the UK Corporate Governance Code.

For more information please see:

- Chair's introduction to sustainability (pages 41 and 42)
- TCFD report (pages 49 to 64)
- Section 172 – Delivering responsibly for stakeholders (pages 80 to 82)

The Board and business monitor and comply with all relevant laws and regulations. Examples include the Board's clearly articulated position regarding slavery and human trafficking, pursuant to the provisions and requirements of the UK Modern Slavery Act 2015. The business adheres to a Board approved Human Rights Policy, which is posted on the Company's website. Our Board also regularly discusses the recommendations of both the Hampton-Alexander and the Parker Reviews and related gender and ethnic diversity topics and has articulated objectives in these areas which are set out in the Group Diversity Policy, posted on the Lancashire website.

- People and culture (pages 33 to 39)

- Operating Responsibly (pages 65 to 70)
- Section 172 – Delivering responsibly for stakeholders (pages 80 to 82)
- Nomination Corporate Governance and Sustainability Committee report (pages 89 to 93)

The Board oversees the Company's annual submission to the Carbon Disclosure Project (CDP) and the Group's annual ClimateWise report. The Group and its regulated subsidiaries are implementing the recommendations of the TCFD.

For more information please see:

- Lancashire Group website
- LHL's 2023 Annual Report and Accounts
- LHL's responses on the CDP website
- TCFD report (pages 49 to 64)

Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

We offer clear and transparent ESG reporting through multiple channels, including our Annual Report and Accounts; our website, and our work with the CDP and ClimateWise.

We are committed to being transparent and accountable, by publicly disclosing the business's implementation of the Principles.

www.lancashiregroup.com